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NATIONAL FOOD Situation

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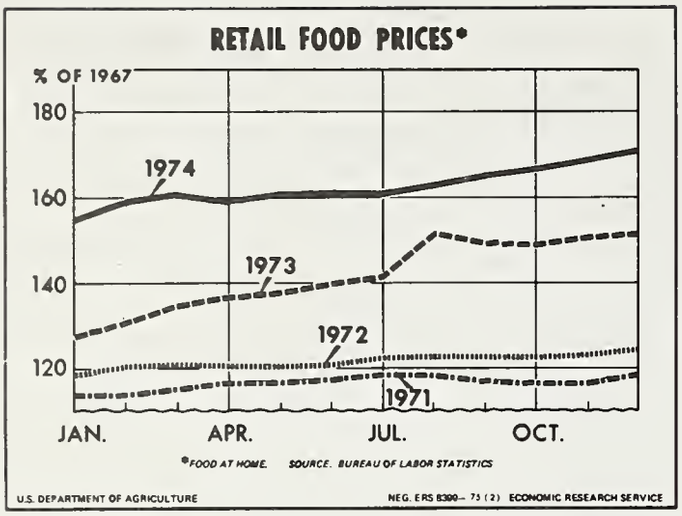
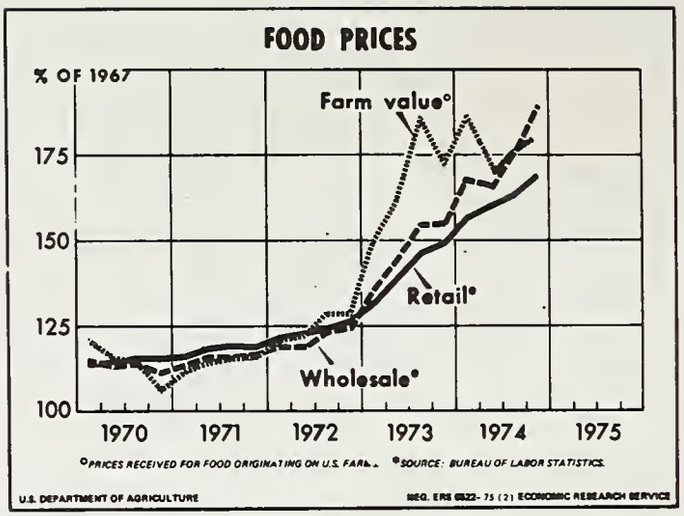


Figure 1



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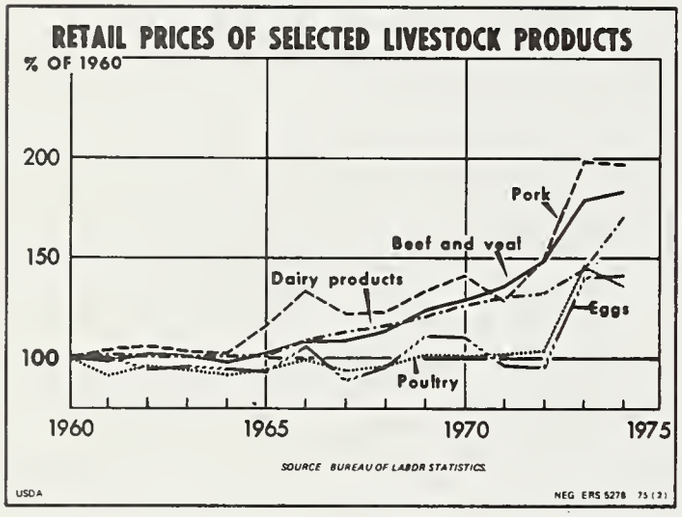

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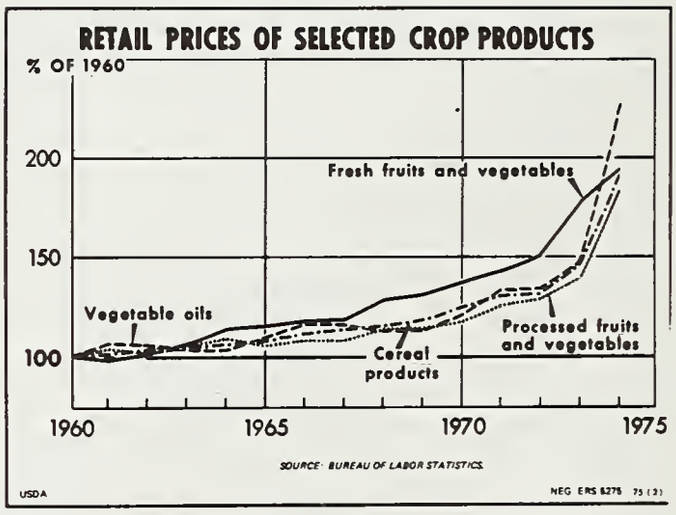

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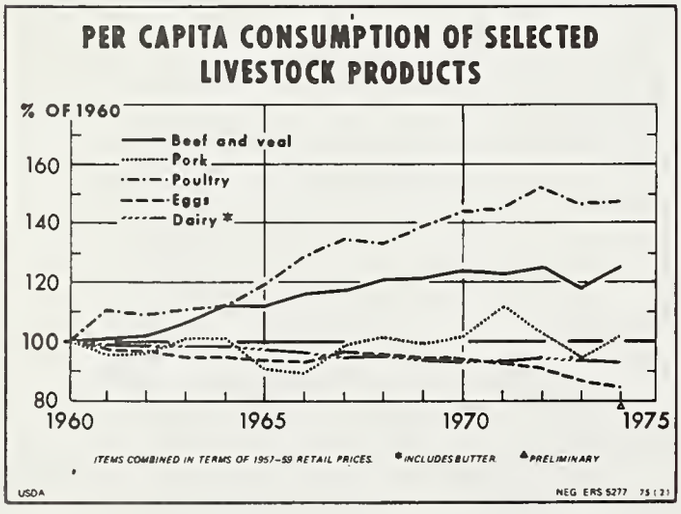

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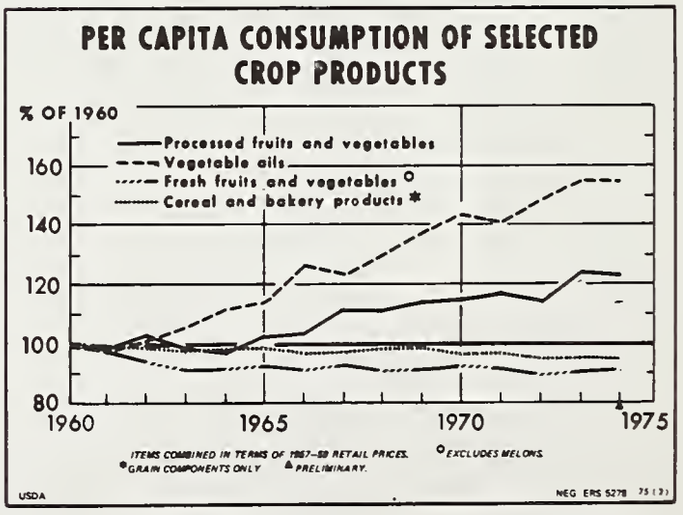

Figure 6

NATIONAL FOOD SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
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SUMMARY

Retail food prices are likely to continue climbing through the first half of 1975. For the first 3 months they may average 2-3 percent above fall 1974 with a further rise in the neighborhood of 3 percent during the second quarter. Average prices for all major food categories are expected to rise with most of the increase associated with crop-related food items during the first quarter, followed by somewhat sharper increases for red meats and poultry in the second quarter.

If recent price declines for agricultural commodities persist and consumer demand slackens in response to deteriorating economic conditions, the rate of increase in retail food prices may moderate. However, commodity markets are likely to remain extremely volatile. If there were renewed strength in farm prices, there could be even sharper increases in retail food prices in light of continued cost pressures associated with food marketing and distribution.

Especially critical to food prices in the months ahead will be the rate at which cattle with limited grain feeding will move to slaughter to augment reduced supplies of grain-fed beef, pork, and poultry products. If total beef slaughter from the record large inventory of cattle and calves goes even higher than expected, then average retail food prices could be somewhat more stable than now seems likely. Conversely, a slowdown in the flow of beef to market could bring larger increases in prices of nearly all animal-related foods and in average food prices.

The outlook for food prices in the second half of 1975 is heavily dependent on the weather and its impact on agricultural output in the United States and around the world. Favorable weather and the expectation of large harvests could bring about a substantial slowing in food price increases by midyear and possibly some declines late in the year. But, another year of poor growing conditions and disappointing harvests could result in even further food price increases.

Retail food prices averaged nearly 14½ percent above a year earlier in 1974. Grocery store food prices were up 14.9 percent while prices for resturant meals and snacks averaged 12.7 percent higher. While average prices trended upward through most of 1974, the largest differences relative to a year earlier occurred during the first half of the year. During the

fourth quarter the all-food retail price index averaged 12 percent above the same quarter of 1973, with food-at-home prices up a little over 12 percent and away-from-home prices up over 11 percent.

Food prices rose sharply in the first quarter of 1974 but stabilized in the spring in response to increased supplies of animal-related products and the anticipation of large crops later in the year. However, as the effects of extremely adverse weather over the Nation's midsection became apparent, retail food prices turned upward again in the late summer months and continued to climb through the end of the year. Rapidly rising sugar prices in response to tight world supply and demand conditions contributed substantially to food price rises in the final quarter of 1974.

In contrast to 1973, most of the average increase in food prices in 1974 was associated with crop-related foods. Retail prices in the sugar and sweets category averaged 52 percent higher; fats and oils were up 42 percent; and cereal and bakery items averaged 30 percent above 1973 prices. Fruit and vegetable prices were up more than 16 percent, with most of the increase associated with processed items.

During 1974 retail prices for animal-related food products averaged 6½ percent above a year earlier. Prices in the dairy category were up 19 percent and fishery items increased 15 percent. However, beef prices averaged only 3 percent above 1973 while pork prices were fractionally lower and poultry prices were down 5 percent.

Personal consumption expenditures for food rose nearly 3 percent from the third to the fourth quarters of 1974, reaching $172.5 billion (seasonally adjusted annual rate). Expenditures for food at home rose 2.2 percent and away-from-home expenditures were up 5.8 percent. For all of 1974, food expenditures totaled $164.6 billion, up 14.6 percent from 1973 including increases of 15.7 percent for food at home and 11 percent for restaurant meals and snacks. With food expenditures rising more rapidly than disposable personal income, the share of income spent for food increased to 16.8 percent in 1974, up from 15.9 percent in 1973 and the record low of 15.4 percent in 1972.

Per capita food consumption in 1975 appears likely to drop around 1 percent from last year, but will still be above the depressed 1973 levels. Most of the decline this year will come from an anticipated 1½ percent drop for livestock-related products, due largely to high costs of feed. The ½ percent expected decline for crop foods will largely reflect lower sugar and coffee consumption.

Per capita food consumption in 1974 rose nearly 1 percent from a year earlier but was still below 1971 and 1972 levels. All of the increase was due to livestock-related foods which rose 2.2 percent following a 4 percent decline in 1974. Per capita consumption of crop-related foods declined a little over ½ percent from the record high 1973 level.

Among animal-related foods, sharp increases in the consumption of pork and beef and a smaller gain for poultry more than offset declines for eggs, dairy products, fish, and animal fats. The decline in crop food consumption reflected drops for vegetables, cereal products, sugar and sweeteners, coffee, and cocoa. Fresh fruit consumption was up sharply in 1974 following 3 years of decline.

Per capita consumption of refined suagr in 1974 is estimated at about 100 pounds, down about 2 pounds from 1973. Domestic production dropped sharply reflecting a smaller sugar beet crop. Imports rose, partly offsetting the decline in domestic production. But, reflecting tight world supply conditions, both U.S. and world prices rose sharply, setting a new record high in November. While sugar prices have declined from their earlier peak, they remain high by historical standards and will likely remain extremely volatile in the months ahead.

FOOD PRICES

Fourth Quarter Retail Food Prices

The fourth quarter Consumer Price Index (CPI) for all food averaged over 3 percent above the third quarter, rather than dropping as it usually does in the autumn (Table 1). The quarterly advance reflected a 2.7 percent increase for food eaten away from home and a 3.3 percent increase for food-at-home prices. The CPI for all items less food rose almost 3 percent. During the fourth quarter of 1974 the all-food retail price index averaged 12 percent above the same quarter of 1973 with food-at-home prices up a little over 12 percent and away-from-home prices up over 11 percent.

Much of the fourth quarter increase for food at home was due to higher marketing charges although farm prices also averaged somewhat higher.

The advance for grocery store food prices reflected

Changes in retail food prices, from year earlier

Item	Annual 1974 average	Fourth quarter 1974
	Percent	*Percent*
Meat	1.9	-4.2
Poultry	-5.1	-.1
Fish	15.3	10.3
Dairy products	18.8	8.6
Eggs	.4	-3.8
Fats and oils	41.9	44.3
Fruits and vegetables	16.4	14.1
Sugar and sweets	52.1	85.2
Cereal and bakery products	30.1	23.3
Beverages	19.5	27.1
Other preparations	21.3	28.7
Food at home	14.9	12.2
Food away from home	12.7	11.2
All food	14.4	12.0

Table 1.--Consumer, wholesale, and farm price indexes, 1973-74
(1967=100)

Item	1973	1974					Percent change 1973-1974
		I	II	III	IV	Year	
Retail prices: 1/							
All goods and services (CPI)	133.1	141.4	145.4	149.9	154.2	147.7	11.0
All items less food	130.7	136.9	141.3	146.1	150.3	143.6	9.9
All food	141.4	156.8	159.5	162.8	167.9	161.7	14.4
Food at home	141.4	158.0	160.2	163.0	168.4	162.4	14.9
Food away from home	141.4	152.6	157.1	161.8	166.2	159.4	12.7
Wholesale prices: 1/							
All commodities	134.7	149.2	154.5	165.4	171.2	160.1	18.9
Industrial commodities	125.9	138.6	150.2	160.8	165.6	153.8	22.2
Farm products	176.3	201.7	178.5	184.2	186.3	187.7	6.5
Processed food	144.4	163.9	161.9	177.2	189.8	173.2	19.9
All food 2/	146.9	167.7	166.0	175.9	187.8	174.4	18.7
Prices received by farmers: 3/	172	198	174	178	181	183	6.4
Crops	164	215	202	210	221	212	29.3
Livestock and products	179	187	156	156	154	163	-8.9
Market basket of U.S. farm foods: 4/							
Retail cost	142.3	159.2	160.2	162.0	166.3	161.9	13.8
Farm-retail spread	126.4	141.7	154.6	153.4	158.1	152.0	20.3
Farm value	167.2	186.8	169.0	175.5	179.1	177.6	6.2

1/ Department of Labor, Bureau of Labor Statistics.
2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.
3/ Statistical Reporting Service.
4/ Economic Research Service.

a 2½ percent increase for livestock-related foods and a 4 percent advance for crop-related foods.

Among livestock-food products, a drop in beef prices was offset by advances for pork and other red meats. Retail poultry prices, which usually decline in the fall, rose nearly 7 percent. Egg prices averaged over 17 percent above the third quarter. Fish prices rose over 2½ percent and dairy prices were up almost 1½ percent.

Among crop-related foods, the quarterly increase was due mostly to sharply higher prices for sugar and sweets and fats and oils. Prices for cereal and bakery products, beverages, processed fruits and vegetables, and other prepared or partially prepared food also rose considerably. Partially offsetting were larger than usual drops in fresh fruit and potato prices; other fresh vegetable prices averaged only slightly below their third quarter level.

Wholesale Prices

The fourth quarter 1974 Wholesale Price Index (WPI) for all foods advanced 6.8 percent from the third quarter. Declines in red meat and fish prices were more than offset by very sharp increases for sugar and confectionery products and animal fats and oils. The WPI for farm products averaged about 1 percent above the third quarter, while processed foods and feeds rose 7 percent. Industrial product prices were about 3 percent higher.

For 1974, the WPI for farm products rose 6½ percent above the 1973 average, while the index for industrial products was 22 percent higher. The WPI for all foods rose almost 19 percent (Table 13), slightly less than the advance in 1973. Modest declines in beef, pork, poultry, and eggs were far more than offset by major increases for sugar, animal fats and oils, vegetable oil end products, and fresh and processed fruits and vegetables.

1974 Retail Prices

Retail food prices for all of 1974 averaged nearly 14½ percent above 1973 (Table 14). This is essentially the same as the average increase for the previous year. The 1974 increase reflected a 14.9 percent increase in food-at-home prices, compared with a 16.3 percent increase the year before. Food-away-from-home prices averaged 12.7 percent higher last year, up from the nearly 8 percent increase in 1973.

In contrast to 1973, economic activity slowed last year as the unemployment rate rose sharply and total output of goods and services declined. Consumer incomes in current dollars continued to increase at a brisk pace, but inflation eroded purchasing power in real terms.

Export demand for U.S. farm commodities remained strong in 1974, although the volume of exports declined from the high level of 1973. Smaller beginning-year inventories of grains and oilseeds along with weather-reduced harvests later in the year limited the availability of these commodities for

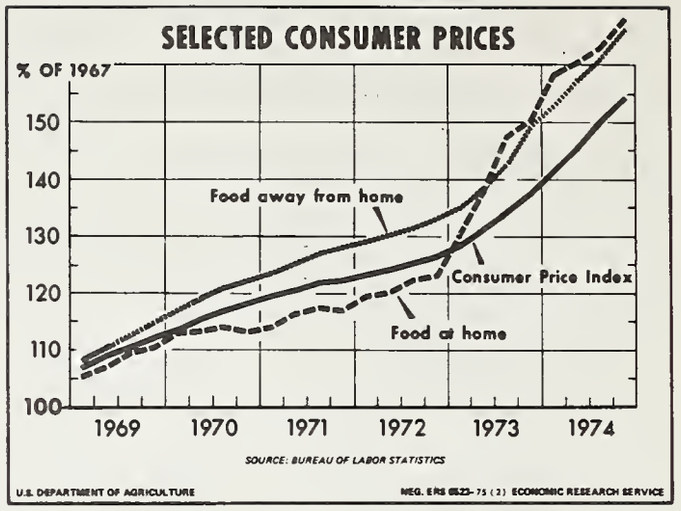

Figure 7

export, and helped to maintain upward pressure on their prices through most of 1974. Higher grain and oilseed prices not only contributed to higher retail prices for foods derived directly from them, but also raised the cost of feed and reduced the profitability of livestock and poultry operations.

Food prices rose sharply in the first quarter of the year, pushed by rising prices for farm commodities and particularly in response to reduced output of animal-related products. As meat and poultry supplies increased in the spring and farm prices for other commodities began to fall in anticipation of large crops later in the year, retail food prices stabilized for several months. However, as the effects of adverse weather, especially the extreme drought conditions in the Corn Belt and Plains States, became more apparent, farm product prices and retail food prices again turned upward. Increased slaughter of cattle and hogs during the second half of the year, along with increased harvests of wheat, rice and several fruit and vegetable crops, provided somewhat larger supplies of food than the previous year and probably prevented food prices from rising further. However, higher farm prices for most crop commodities in 1974 combined with increased costs of processing and distribution to push retail food prices up. Rapidly rising raw sugar prices, due to an unusually tight world supply-demand situation, caused retail food prices to increase even further late in the year, not only through their direct impact on retail sugar prices but also through their indirect influence on prices of sugar-containing products in the cereal and bakery, beverages, and other processed foods categories.

Price increases at retail in 1974 came primarily from widening farm-retail price spreads. For 1974 as a whole, the spread between farm and retail prices rose sharply and accounted for four-fifths of the increase in the retail price of a market basket of farm food. The wider spreads reflected higher wage settlements and general inflationary trends which lifted virtually all costs for food processing and marketing firms.

Commodity Review

In sharp contrast to 1973, most of the increase in annual average food prices in 1974 was due to higher prices for crop-related foods, which were up an average of nearly 25 percent. Foods derived from livestock products averaged 6½ percent higher.

Beef and veal—Retail prices for beef and veal averaged less than 3 percent above 1973, compared with the record 20 percent increase a year earlier. The CPI for beef rose sharply in early winter in response to reduced output relative to the previous quarter and market disruptions associated with the truckers' strike. Prices then declined through midsummer, reflecting increased cold storage stocks of beef as well as increased cattle slaughter. A sharp but brief price increase in late summer was followed by declines late in the year, primarily as a result of large marketings of grass-fed cattle for slaughter, due in part to reduced feed grain supplies. By December, retail beef prices were 3½ percent below December 1973.

Pork—Retail pork prices, which rose 33 percent in 1973, fell fractionally in 1974, reflecting a large increase in hog supplies during the first 6 months. The CPI for pork fell sharply during the first half of the year, and by June averaged 7 percent below a year earlier. Although pork supplies remained above a year earlier, output declined from spring to summer and prices rose during the second half of the year. However, the December CPI for pork was still slightly below December 1973 levels.

Fish—Retail fish prices in 1974 averaged about 15 percent above a year earlier for the second consecutive year. Movement was somewhat sluggish in 1974 due to larger meat and poultry supplies, but retail prices continued to rise, reflecting higher raw product costs for most domestic and imported fishery products as well as higher marketing and distribution costs.

Poultry—Retail poultry prices, which registered a record 40 percent increase in 1973, averaged 5 percent lower in 1974. For all of 1974, output of chicken and turkey meat through Federally inspected plants was about 2 percent above 1973. Output was up sharply during the first half of 1974 and continued above year-earlier levels through the third quarter. However, output in the fourth quarter dropped sharply below 1973 levels.

Dairy—Retail dairy prices in 1974 rose more than any other product in the livestock-related food category, averaging 19 percent above 1973. Retail prices moved up at a rapid clip through the first half of the year in response to lower production. However, dairy prices dropped during the summer months before rising seasonally this fall and winter. Prices closed-out 1974 up about 7 percent from a year earlier.

Eggs—Retail egg prices lagged year-earlier levels during the last 8 months of 1974 as the decline in production failed to offset the sluggish demand. However, retail prices were well above year-earlier levels during the first 4 months of 1974 and for the year averaged fractionally above 1973's record high level.

Sugar and sweets—Sugar and sweets prices in 1974 averaged 52 percent above 1973, reflecting an extremely tight world demand-supply situation. By December, the CPI for sugar and sweets was more than twice that of December 1973.

Fats and oils—Retail prices for fats and oils averaged 42 percent above 1973 as prices rose at a sharp clip throughout the year. The increase reflected rising demand for vegetable oils in the face of tight world supplies of oilseed crops.

Fruits and vegetables—Product prices in this category averaged 16½ percent above 1973. Processed fruit and vegetable prices rose the most, averaging 31 percent higher. Dried bean prices were 117 percent above 1973; short supplies and strong demand pushed prices sharply higher through midyear, although larger harvests brought some price declines late in the year. Higher prices for other processed fruits and vegetables reflected some tight supply situations early in the year and higher raw product and marketing costs.

Fresh fruit prices averaged 9 percent higher in 1974, well below the average yearly increase for crop-related food prices. Ample supplies of citrus helped restrain the overall price increase. Prices for fresh vegetables, excluding potatoes, averaged less than 1 percent above 1973. Most fresh vegetable product prices were below a year ago, but were offset by higher prices for spinach and tomatoes. Potato prices averaged 22 percent above 1973, with all of the increase during the first half of the year. By December they were well below 1973 levels in response to the larger 1974 harvests.

Cereal and bakery products—The 30 percent increase in cereal and bakery products prices was due in large measure to continued tight world grain supplies, especially through the first half of the year. Higher prices of sugar, an important ingredient in many bakery items, also contributed to the rise for this category of food. Marketing costs and charges were also higher.

Food Price Outlook

Retail food prices are likely to continue generally upward in the first half of 1975. Prices in the first quarter may average 2-3 percent over the last 3 months of 1974 with a further rise of about 3 percent during the second quarter. Average prices for all major food categories are expected to rise significantly by midyear with most of the increase accounted for by crop-related food items during the first quarter, followed by somewhat sharper increases for red meats and poultry in the second quarter.

Much of the rise in the early months of the year will continue to be associated with higher marketing costs and spreads and the passing through of last

year's higher raw-product costs for highly processed or sugar-containing items. Second-quarter retail price increases are likely to be associated with rising farm prices for meat animals and possibly some seasonal price increases for fruit and vegetable crops.

A great deal of uncertainty continues to surround the outlook for retail food prices. Part of this uncertainty relates to the duration and severity of the current economic recession and its impact on consumer demand. Further uncertainty is associated with the rate at which beef animals with limited grain feeding will move to slaughter to offset smaller supplies of grain-fed beef, pork, and poultry products. If consumer demand slackens significantly and nonfed beef output remains large through the spring months, then retail food prices may not rise as much. Conversely, retail food prices could surge upward even further this spring if economic recovery occurs more swiftly than now seems likely or beef output shrinks sharply as animals stay on grass or are put into feedlots.

The outlook for food prices in the second half of 1975 is heavily dependent on the weather and its impact on agricultural output both in the United States and around the world. Favorable weather and the expectation of large harvests could bring a substantial slowing in food price increases by midyear and possibly some declines later in the year. Conversely, disappointing harvests, particularly if accompanied by rapid recovery of economic activity around the world, would lead to further sharp food price increases. And, of course, developments relating to domestic economic conditions will be an important factor in second-half food prices.

FOOD SPENDING AND INCOME

Preliminary data indicate that personal consumption expenditures for food rose 2.9 percent during the fourth quarter of 1974 to $172.5 billion (seasonally adjusted, annual rate). Food purchased for use at home rose 2.2 percent to $133.5 billion (seasonally adjusted, annual rate) while purchases of resturant meals and snacks rose nearly 6 percent to $36.0 billion during the quarter. These increases essentially reflected price movement. Total consumption expenditures for food measured in 1958 prices declined 1.0 percent during the quarter. Price adjusted expenditures for resturant meals and snacks showed an increase of 3.5 percent partially offsetting a 2.0 percent decline in expenditures for food at home.

Increased expenditures on housing and household operations accounted for much of the 2 percent rise in personal consumption expenditures for services during the quarter. Expenditures for durable goods declined 10.7 percent during the quarter caused by a 22 percent decline in automobile purchases. The decrease in durable goods purchases resulted in a fractional quarterly decline in total personal consumption expenditures. Disposable personal income rose 1.6 percent during the fourth quarter. The decline in personal consumption expenditures resulted in an increase in the personal savings rate from 6.6 percent in the third quarter to 8.5 percent in the fourth quarter.

Change in food expenditures, fourth quarter, 1974[1] (seasonally adjusted)

Item	From third quarter 1974	From fourth quarter 1973
	Percent	*Percent*
Total food		
Current dollars	2.9	13.2
1958 dollars	-1.0	1.2
Food at home		
Current dollars	2.2	14.1
1958 dollars	-2.1	1.6
Food away from home		
Current dollars	5.8	10.0
1958 dollars	3.5	-.6

[1] Preliminary.

Quarterly changes in personal expenditures and disposable personal income (seasonally adjusted)

Item	1974			
	I	II	III	IV[1]
	Pct.	*Pct.*	*Pct.*	*Pct.*
Personal consumption expenditures	2.0	3.4	3.7	-.5
Durable goods	-.3	4.5	5.1	-10.7
Nondurable goods	3.5	3.1	3.5	.6
Food	3.4	2.1	4.2	2.9
Other	3.6	3.9	3.0	-1.1
Services	1.4	3.2	3.4	2.0
Personal disposable income	1.2	1.7	2.8	1.6

[1] Preliminary.

Food expenditures accounted for all of the 0.6 percent increase in nondurable goods purchased. Expenditures for other nondurable goods declined 1.1 percent, due primarily to a 3 percent drop for clothing.

For all of 1974 food expenditures totaled $164.6 billion, rising 14.6 percent above 1973. Much of this increase came in the first and second quarters of 1974 when expenditures for food rose 16.9 percent and 15.2

Table 2.--Expenditures for food in relation to disposable income, 1960 and 1965-74 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.4	91.6	12.3	25.2	3.4	116.8	15.7
I	728.6	90.2	12.4	24.7	3.4	114.9	15.8
II	744.1	91.9	12.4	24.8	3.3	116.7	15.7
III	751.3	92.6	12.3	24.9	3.3	117.5	15.6
IV	761.8	91.9	12.1	26.2	3.4	118.1	15.5
1972	802.5	96.3	12.0	27.1	3.4	123.4	15.4
I	774.7	92.9	12.0	26.4	3.4	119.3	15.4
II	790.0	95.4	12.1	26.7	3.4	122.1	15.5
III	807.2	97.3	12.0	27.1	3.4	124.4	15.4
IV	838.1	99.7	11.9	28.2	3.4	127.9	15.3
1973	903.7	112.8	12.5	30.8	3.4	143.6	15.9
I	869.5	105.2	12.1	29.5	3.4	134.7	15.5
II	892.1	109.9	12.3	29.8	3.4	139.7	15.7
III	913.9	116.7	12.8	31.0	3.4	147.7	16.2
IV	939.4	119.6	12.7	32.8	3.5	152.4	16.2
1974	979.7	130.5	13.3	34.1	3.5	164.6	16.8
I	950.6	125.0	13.2	32.5	3.4	157.5	16.6
II	966.5	127.1	13.1	33.7	3.5	160.8	16.6
III	993.1	133.5	13.5	34.1	3.4	167.6	16.9
IV 5/	1008.7	136.5	13.5	36.0	3.6	172.5	17.1

1/ Quarterly data are seasonally adjusted annual rates. 2/ Based on unpublished data of the Department of Commerce, and the Survey of Current Business and The National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/ Includes food consumed on farms where produced. 4/ Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/ Preliminary.

percent respectively above 1973 levels. Food purchased for use at home rose 15.7 percent during the year to $130.5 billion. Resturant meals and snacks rose nearly 11 percent to $34.1 billion. .

All of the increases in food expenditures was due to higher prices. Personal consumption expenditures for food measured in 1958 prices fell fractionally from 1973. Expenditures for food at home rose marginally while expenditures on resturant meals and snacks declined nearly 2 percent, measured in 1958 dollars.

Despite fourth quarter declines, total personal consumption expenditures for the year averaged nearly 9 percent above 1973 levels. Personal disposable income rose 8.4 percent. Thus, the personal savings rate declined from an average of 8.2 to 7.8 percent in 1974. The percent of disposable personal income accounted for by food expenditures averaged 16.8 percent for the year, compared with 15.9 percent in 1973 and the record low of 15.4 percent in 1972. (Table 2). Expenditures for durable goods declined nearly 2 percent during the year due to a 13 percent decline in automobile purchases. Expenditures for nondurable goods (excluding food) and for services both averaged about a tenth above 1973.

Disposition of Personal Consumption Expenditures

Automobile expenditures accounted for 5.7 percent of consumer spending in 1974, down from 7.2 percent during 1973. The proportion of consumer spending allocated to clothing and shoes also declined slightly. However, increased expenditures for food resulted in a greater portion of consumption expenditures for that category. In addition, consumers devoted a greater portion of total expenditures to gasoline and oil.

Proportion of total consumer expenditures

Item	1973	1974[1]
	Percent	*Percent*
Food, excluding alcoholic beverages	17.8	18.8
Nondurables excluding food	24.2	24.6
Clothing and shoes	8.7	8.5
Gas and oil	3.5	4.1
Other	12.0	12.0
Durables	16.2	14.6
Automobiles and parts	7.2	5.7
Other	9.0	8.9
Services	41.8	42.1
Housing	14.4	14.4
Household operation	5.9	6.0
Transportation	2.9	3.0
Other	18.6	18.7

[1] Preliminary.

Family Food Programs

Participation in the Food Stamp Program rose rapidly during the last three months of 1974, from 14.4 million in September to 17.1 million in December, an increase of 19 percent. Increases during the last quarter of 1974 were as rapid as those experienced during the early 1970's when revisions in operating concept and eligibility requirements resulted in large participation gains. Nearly 1 million of the additional participants came into the program in Puerto Rico where a Food Stamp Program is being initiated to replace the discontinued Food Distribution Program. Increased unemployment and greater public acceptance of the program also contributed to the increase. Further increases in the program will depend upon the rise in the unemployment rate, the additional numbers who shift from the Food Distribution Program in Puerto Rico, and the increased number who qualify for participation on the basis of the January increase in the income eligibility cutoff. In January the maximum net income cutoff for a family of four was raised from $500 to $513 a month. At the same time the value of the coupon allotments rose from $150 a month to $154 a month. These revisions are based upon the increased cost of a nutritionally adequate diet measured by changes in the CPI for those foods included in the diet.

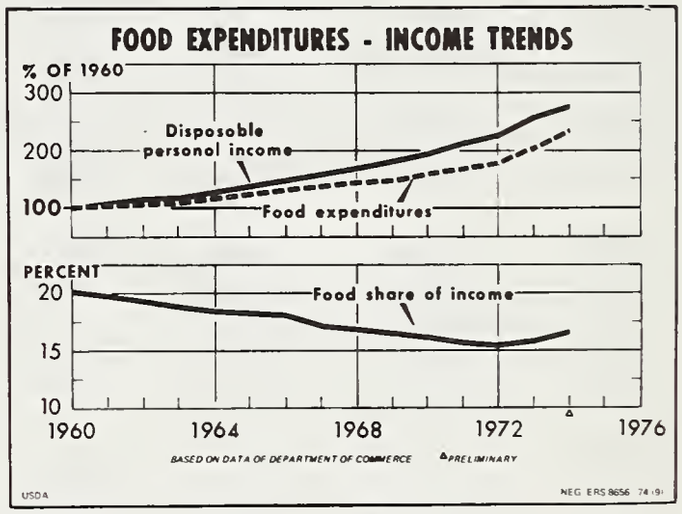

Figure 8

The total value of bonus stamps issued during the October-December period rose to over $1 billion, a $120 million increase over the previous 3 month period (Table 3). The average value of bonus stamps received per person was $20.74.

While increasing the family income cutoffs will tend to increase participation a recent change in the Food Stamp Program regulations will tend to hold participation level or reduce it. Students enrolled in college and claimed as dependents by taxpayers in households which do not qualify for food stamps are now considered ineligible to participate in the food stamp program.

Table 3.--Federal cost of USDA food programs, 1971-74

Year	Food stamps		Food distribution 2/			Child nutrition 5/				WIC 6/	Total 7/
	Total issued	Bonus stamps 1/	Needy families	Schools 3/	Other 4/	School lunch	School breakfast	Special food	Special milk		
	Million dollars										
1971	3,103	1,699	318	297	40	645	22	34	92	---	3,146
I	738	412	85	110	10	186	7	3	30	---	843
II	774	420	82	36	11	169	15	6	23	---	753
III	777	423	76	43	9	72	2	21	11	---	658
IV	815	443	75	108	9	218	7	4	28	---	892
1972	3,615	1,980	271	283	40	764	28	44	91	---	3,501
I	846	460	76	120	9	252	8	4	30	---	960
II	873	472	72	44	11	195	7	8	22	---	830
III	938	524	65	40	9	91	3	27	12	---	771
IV	960	525	58	79	10	227	10	4	28	---	940
1973	4,052	2,210	217	267	42	957	41	52	66	---	3,852
I	999	546	59	91	10	297	12	5	30	---	1,051
II	992	537	52	51	11	230	9	9	23	---	922
III	1,009	555	59	33	10	112	5	33	1	---	807
IV	1,052	572	47	92	11	317	15	5	12	---	1,071
1974	5,793	3,478	114	377	35	1143	67	85	90	42	5,430
I	1,314	792	47	129	9	365	19	9	22	2	1,394
II	1,349	795	37	65	10	274	16	16	17	10	1,240
III	1,478	886	17	76	6	132	8	49	15	14	1,203
IV 8/	1,674	1,005	13	107	9	372	23	11	36	17	1,593

1/ Includes Food Certificate Program. 2/ Cost of food delivered to State distribution centers. 3/ Includes Special Food Services. 4/ Includes supplemental food, institutions. 5/ Money donated for local purchase of food. Excludes nonfood assistance. 6/ Special Supplemental Food Program for Women, Infants, and Children begun January 1974. 7/ Excludes those food stamps paid for by the recipient. 8/ Preliminary.

Child Nutrition

The number of children participating in the School Lunch Program since October has remained stable compared with the same 3 month period in 1973. Participation in 1973 had been declining due to falloffs in school enrollment. The number of children participating in the School Breakfast Program continues to rise as the number of schools offering the service increases. Participation reached 1.8 million in December 1974, up 500,000 from December 1973.

The Federal cost of the School Lunch and Breakfast Programs rose 18 percent, relative to the same 3 month period in 1973. The value of commodities distributed to schools rose over 16 percent. The cash contribution to school lunch rose 17 percent and that to school breakfast rose 55 percent.

The federal expenditures directed toward food purchases in all USDA Food Programs rose to $5.4 billion in calendar year 1974, a 41 percent increase over a year earlier. The largest increases came in the last two quarters when federal contributions rose an average of 49 percent above the same quarters of 1973. The value of bonus stamps issued during 1974 rose 57 percent above 1973. Federal expenditures for USDA Food Programs accounted for 3.3 percent of total personal consumption expenditures for food in 1974. Federal contributions to families in the form of bonus stamps was equivalent to 2.7 percent of food-at-home expenditures. The total value of food stamps issued, including that portion of the allotment purchased by participating families, was equivalent to about 4.5 percent of personal consumption expenditures for food at home.

PER CAPITA FOOD CONSUMPTION

Per capita food consumption in 1974 rose almost 1 percent above 1973, but was still below consumption in 1971 and 1972 (Table 4).

All of the increase in 1974 was due to livestock-related foods which rose 2.2 percent. Following the 4 percent drop in 1973, consumption of these products remained well below the high level of 1971 and 1972. Consumption of crop-related foods dipped 0.6 percent last year from its record high of 1973.

Among livestock-related foods, sharp increases for pork and beef, along with slightly higher poultry consumption, offset declines for eggs, dairy products, fish, and animal fats. The decline in crop-related food consumption reflected drops for vegetables, cereal products, sugar, and coffee. Fresh fruit consumption was higher.

In October-December 1974, per capita consumption of livestock related foods moved 2 percent above the third quarter, but the increase was smaller than the usual autummn advance. Red meat consumption, which usually rises over 1½ percent between the third and fourth quarters, rose 1.2 percent, but was 3½ percent above fourth quarter 1973 (Table 5). Poultry consumption showed a drop of nearly 4 percent from the third quarter after seasonal adjustment, and egg consumption declined slightly on a seasonally adjusted basis. Per capita consumption of both products was well below fourth quarter 1973. Consumption of animal fats, which had lagged 1973 levels most of the year, shot up sharply in the fourth quarter. Dairy product consumption fell less than usual between the summer and autumn quarters, but was still almost 2½ percent below the fourth quarter of 1973.

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock	Meat
		1967=100	
1973	I	100.8	100.7
	II	97.9	97.2
	III	96.1	93.2
	IV	100.2	100.5
1974	I	100.8	101.4
	II	102.2	106.9
	III	100.8	104.2
	IV	100.5	104.7

Outlook for 1975

Per capita food consumption appears likely to drop around 1 percent in 1975, but will still be above that of 1973. Much of the decline this year will come from an anticipated 1½ percent decrease for livestock-related products, as higher feed costs lead to reduced output. The ½ percent decline in crop-related food output will reflect lower sugar and coffee consumption.

Through the first 9 months of the year, consumption of livestock-related food products is expected to run well below year earlier levels. By autumn, some gain in poultry and dairy consumption may push the livestock product consumption index to fourth quarter 1974 levels. For all of 1975, red meat consumption will about match that of 1974. More than offsetting will be sharp reductions in poultry, egg, and animal fat consumption. Fish and dairy product consumption will probably be about the same as last year.

Among crop-related foods, a 4½ percent drop in sugar consumption, along with a somewhat smaller drop for coffee and vegetable oils, likely will more than counterbalance increases for fruits and vegetables (including potatoes). Supplies of rice, dried beans and peas, and peanuts are up sharply following large harvests in 1974.

Meat—Per capita red meat consumption in 1974 was the third largest on record at 187 pounds per person, (carcass equivalent) up more than 11 pounds

Table 4.--Per capita food consumption index, 1967-74 1/
(1967 = 100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	120	107	94	105	100
1973	98	109	116	90	100	80	125	109	93	111	102
1974 4/	104	110	114	88	98	77	125	108	99	113	105

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	108	102	89	123	98	108	90	103.6	103.9	103.7
1973	100	113	104	82	126	98	109	96	99.3	105.3	102.1
1974 4/	99	111	103	84	126	97	108	92	101.5	104.6	102.9

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

Table 5.--Livestock products: Per capita consumption indexes, quarterly, 1969-74 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy products: Excluding butter	Dairy products: Including butter	Animal fats: including butter	Total livestock products 2/
1969 I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.7	99.2	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	100.6	99.7	82.4	102.5
IV	107.5	131.7	94.3	100.2	99.7	85.6	106.1
1973 I	100.9	95.6	91.6	100.4	99.9	85.2	99.0
II	95.3	102.5	91.0	101.0	100.0	77.2	96.8
III	93.3	110.6	88.2	100.6	99.6	79.1	96.4
IV	102.2	127.6	91.3	100.4	99.5	78.5	102.8
1974 3/ I	101.6	99.1	89.9	98.8	98.0	78.2	99.0
II	104.8	108.9	87.2	98.8	97.5	74.0	101.1
III	104.3	110.3	86.1	99.1	97.7	73.3	101.1
IV	106.5	121.0	89.1	98.0	97.2	83.0	103.1

1/ Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973.

2/ Excludes fish and honey.

3/ Preliminary.

from the reduced level of 1973 (Table 6). Beef consumption in 1974 was 116.3 pounds up 6.7 pounds per person from 1973 and slightly exceeding the previous record consumption of 1972. Pork consumption totaled 66.0 pounds per person, up 4.4 pounds from 1973, but still below 1972. Veal consumption rose ½ pound per person, the first increase in 10 years as high feed prices and losses to cattle feeding operations led to increased calf slaughter. Lamb and mutton consumption continued the rather steady decline of many years during 1974, dropping to a new low of 2.4 pounds per person.

Red meat consumption during January-March 1975 will likely remain above a year earlier with increases in beef and veal consumption offsetting a decline in pork. Consumption, however, will likely be down from the October-December level. During April-June red meat consumption likely will decline less than seasonally from January-March levels, but will be well below second quarter 1974 consumption. A small seasonal drop is expected this summer, followed by a sharp gain in the fall quarter.

The expected 1 percent decline in red meat consumption in 1975 will be due to a sharp drop in pork consumption and a small decline in lamb and mutton consumption. Less than offsetting will be a much higher level of beef consumption. Veal consumption will be higher.

Fish—Per capita consumption of fish fell 2.3 percent to 12.3 pounds during 1974 from the record 12.6 pounds consumed in 1973. The decline was centered largely in fresh and frozen products, which dropped to 6.9 pounds per person from 7.2 pounds a year earlier. Fillets were off 15 percent and consumption of sticks and portions dropped 10 percent.

Frozen fish and shellfish inventories were persistently high during 1974. During the first half of the year, the normal seasonal decline, failed to materialize and the quantity in storage at midyear was 120 million pounds or 41 percent above 1973. As the year progressed, relatively little was added to inventories, and levels moved more into line with the prior year. Nevertheless, in some important areas, inventories were still moderately high relative to consumption. For example, inventories of frozen fish blocks at the end of the year represented a 5 month supply compared with only a 2 month supply in 1973.

Eggs—Consumption of eggs in 1974 was down 9 eggs to 285 eggs per person. This is 29 eggs less than in 1971. The decline was in the use of shell eggs, since more eggs went to the processed egg market in 1974.

Egg production, below year-earlier levels since early 1972, will continue lower at least during most of 1975. Output during 1974 totaled 181.8 million cases, down a little less than 2 percent from 1973 and the smallest since 1964. The Nation's laying flock averaged about 284 million birds, 3 percent fewer than a year earlier and 10 percent below 1971. The rate of lay in 1974 was at record levels and a little over 1 percent above the previous year.

High production costs and poor profitability in 1974 caused producers to sharply cut their hatchery activity for flock replacements for the first half of 1975. The hatch of egg-type chicks that will provide flock replacements for January-June was down 18 percent from a year earlier. However, there were only 2 percent fewer eggs in incubators on January 1, 1975, which will provide pullets for flock replacements in early summer.

Fewer layers, a reduced replacement hatch, and a slowing in the rate of lay may cause egg output this winter and spring to drop 5 percent or more below a year prior.

Poultry—Consumption of chicken meat in 1974 totaled about the same as the 41.4 pounds per person in 1973. This is 1.6 pounds below the record 43 pounds per person used in 1972. Broiler consumption in 1973 declined by 1.1 pounds to 37.7 pounds and continued near this level in 1974. Broiler consumption rose during the first 3 quarters of 1974 but dropped sharply in the fourth quarter.

For all of 1974 broiler meat output in Federally-inspected plants was up about 2 percent. Slightly fewer birds were slaughtered but this was more than offset by an increase in marketing weights and reduced condemnations.

Producers have curtailed both the number of eggs set and the number of chicks placed in recent months. Broiler chick placements for January-March marketings are down around 8 percent and may continue near this level through mid-year.

Turkey meat output rose sharply in the first half of 1974 but this was partially offset by a decline in the fall. Output of turkey meat in Federally-inspected plants for all of 1974 was up almost 3 percent from 1973. Turkey poult placements since September 1974 indicate marketings in the first half of 1975 likely will be down 10-15 percent from the same months of 1974.

Available turkey supplies during the first half of 1975 will be down slightly more than marketings because of reduced January 1 cold storage stocks. Cold storage turkey holdings on January 1 totaled 274 million pounds, about 3 percent below the exceptionally large stocks a year earlier.

Dairy—Per capita consumption of milk in all dairy products at 543 pounds (equivalent in terms of fat content) was down from 554 pounds in 1973 and the sharpest drop since 1967. However, the shift to lower fat items held the decline in dairy product use on a retail weight basis to 2 percent. Per capita use of cheese and lowfat fluid milk was higher in 1974, but consumption of butter, whole fluid milk, canned milk, and nonfat dry milk declined. Although commercial use of butter, was in a better competitive price position with margarine, reduced CCC donations to welfare and school lunch programs caused a drop in per capita civilian consumption to about 4.5 pounds from 4.8 pounds in 1973.

Milk production in January held just about even with a year earlier. High-priced feeds caused farmers to cut back on feeding grain and concentrates to their

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1972	1973	1974 (5)	1974 indications as percentage of 1973
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight)	160.9	178.3	189.0	175.7	187.0	106
Beef	85.1	106.5	116.1	109.6	116.3	106
Veal	6.1	3.8	2.2	1.8	2.4	133
Lamb and mutton	4.8	3.9	3.3	2.7	2.3	85
Pork (excluding lard)	64.9	64.1	67.4	61.6	66.0	108
Fish (edible weight)	10.3	10.6	12.3	12.6	12.3	97
Poultry products:						
Eggs (farm basis)--Number	334	320	307	294	285	97
Chicken (ready-to-cook)	28.0	37.2	43.0	41.4	41.4	100
Turkey (ready-to-cook)	6.1	8.6	9.1	8.7	9.0	103
Dairy products:						
Cheese	8.3	10.1	13.2	13.7	14.5	106
Condensed and evaporated milk	13.7	9.0	6.4	6.0	5.3	88
Fluid milk and cream (milk equivalent)	322	285	263	259	247	95
Ice cream (product weight)	18.3	17.8	17.4	17.5	17.5	100
Fats and Oils--Total, fat content	45.3	49.4	53.3	54.0	53.6	99
Butter (actual weight)	7.5	5.5	4.9	4.8	4.5	94
Margarine (actual weight)	9.4	10.5	11.3	11.3	11.4	101
Lard	7.6	5.4	3.8	3.5	3.3	94
Shortening	12.6	15.9	16.7	16.3	16.1	99
Other edible fats and oils	11.5	15.2	19.6	21.3	21.5	101
Fruits:						
Fresh	93.4	81.0	77.0	75.6	80.0	106
Citrus	33.7	31.6	27.2	27.3	28.8	105
Apples (commercial)	18.3	16.2	17.4	14.5	15.7	108
Other (excluding melons)	41.4	33.2	32.4	33.8	35.5	105
Processed:						
Canned fruit	22.6	22.6	21.4	21.3	21.3	100
Canned juice	13.0	11.7	15.5	16.3	14.7	90
Frozen (including juices)	9.1	10.1	10.1	11.2	11.9	106
Dried	3.1	2.8	2.1	2.8	3.0	107
Vegetables:						
Fresh 2/	105.9	98.2	98.3	99.9	100.4	100
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	52.2	54.4	54.3	100
Frozen, excluding potatoes	7.0	9.0	10.0	10.7	10.1	94
Potatoes, fresh equivalent	108.4	108.0	119.3	116.5	117.0	100
Sweetpotatoes, fresh equivalent	7.1	5.8	5.1	5.1	5.5	108
Grains:						
Cornmeal and flour	6.6	7.2	7.4	7.5	7.6	101
Corn sirup	10.1	14.1	18.7	21.7	23.0	106
Corn sugar	3.7	4.6	4.8	5.2	5.3	102
Wheat flour 3/	118	112	109	109	107	98
Wheat cereals	2.8	2.9	2.9	2.9	2.9	100
Rice, milled	6.1	7.5	7.0	7.0	7.3	104
Other:						
Coffee (Green beans)	15.8	14.8	13.9	13.6	13.1	96
Tea	.59	.69	.77	.79	.80	101
Cocoa beans	3.6	4.2	4.4	4.2	3.7	88
Peanuts (shelled)	4.9	5.7	6.2	6.6	6.4	97
Dry edible beans	7.3	6.9	6.4	6.5	7.0	108
Melons	25.8	22.3	21.9	21.8	19.1	88
Sugar (refined)	97.6	97.3	103.0	102.1	99.7	98
	Mil.	Mil.	Mil.	Mil.		
Civilian population 4/	178.1	195.2	206.5	208.1	209.7	101

1/ Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August.

2/ Commercial production for sale as fresh produce.

3/ Includes white, whole wheat, and semolina flour.

4/ July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

5/ Preliminary

cows, limiting gains in milk production per cow. However, continued low slaughter cow prices and the lack of farm and nonfarm economic alternatives have caused dairymen to reduce herd culling, keeping milk cows on the farm. For all of 1974, milk production totaled 115.4 billion pounds about the same as in 1973.

Milk output may remain near current levels during early 1975. Feed prices are easing a little, but are likely to stay relatively high. The recent increase in dairy support levels will likely hold farm milk prices slightly above fourth-quarter 1974 levels. The milk-feed price ratio should improve slightly, but will probably remain relatively unfavorable to heavy grain and concentrate feeding. On the other hand, low slaughter cow prices will likely discourage dairy herd culling.

With milk production about steady, larger dairy product stocks will maintain ample dairy product supplies for consumers in early 1975. But, high retail prices, lower real consumer incomes, and higher unemployment rates, may cause per capita milk equivalent use to decline again in 1975. However, the rate of drop could be more in line with the 1 percent average of recent years and the continued shift to lower fat items might hold per capita consumption of products relatively unchanged.

Fruit—A sharp increase in fresh use was responsible for much of the 3 percent gain in per capita fruit consumption in 1974. Per capita consumption of fresh fruit jumped 6 percent while use in processed form increased 1 percent.

The gain for processed fruit was much less than in 1973 when controlled low prices encouraged consumption of processed deciduous fruit at rates inconsistent with supply levels much of the year. Packs during 1973 which provided supplies for much of 1974 did not fully replenish inventories. With noncitrus supplies low until new packs came in during 1974, the gain for processed fruit consumption was in citrus products, which were in bountiful supply.

Fresh apple consumption per person was up 1 percent over the all-time low of 14.5 pounds recorded in 1973. Other noncitrus fruits increased 1½ pounds to 35.5 pounds, the highest level in 5 years. Peaches accounted for much of the 1974 gain. Per capita consumption of fresh citrus fruits, at 28.8 pounds, per person jumped 1½ pounds above the level in the 2 preceding years.

Total fruit consumption in 1975 may rise another 1 percent, with the gain coming from a 2 percent increase in the consumption of processed fruits. Fresh fruit consumption will likely remain essentially unchanged with increases for both citrus and apples offsetting declines for other deciduous fruits. Consumption of both canned and frozen fruits and juices probably will be well above 1974.

Fats and Oils—During 1974, per capita consumption of edible fats and oils totaled about 53.6 pounds, 1 percent over 1973. Declines in butter, shortening, and lard did not offset increased use of margarine and cooking and salad oils.

Per capita consumption of food fats and oils in 1975 is expected to average about 52½ pounds, approximately 1 pound below 1974. A sharp dropoff in the use of cooking and salad oils as a result of high prices, coupled with smaller declines in the use of shortening and lard, will account for the decrease. Use of butter and margarine is expected to be near the 1974 level.

Peanut supplies are at record levels and more than enough to meet food and farm requirements. However, use in major commodities such as peanut candy, salted peanuts, and peanut butter is down from a year ago. For the entire season it probably will total below year-ago levels. This likely will result in a decline in the per capita use of peanuts of about ½ pound or so. Last year, per capita use totaled around 6½ pounds (kernel basis).

Vegetables—Per capita consumption of total vegetables fell almost 1 percent in 1974. A fractional decrease for fresh use along with a 0.7 pound decrease for processed led to the decline.

Fresh vegetable supplies this winter may be moderately smaller than last winter, since acreage of 13 winter vegetables is 12 percent smaller this season. Furthermore, Mexican import activity through late January was light. Thus far this winter, domestic shipments of several leading vegetables—lettuce, cabbage, celery, and carrots have been less than last year. But movement of tomatoes and sweet corn from Florida and broccoli and cauliflower from California has been larger. After February 1, imports of tomatoes, peppers, cucumbers, and eggplant from Mexico can be expected to increase seasonally. Stocks of storage onions on January 1 were 7 percent larger than a year earlier.

The combined pack of canned and frozen vegetables in 1974 was again moderately larger than the previous season. Adding packs to carryover, total supplies of processed vegetables are moderately larger for the 1974/75 marketing season. No overall shortage is anticipated, though canned corn, a major item, is in short supply this season.

Much of the larger 1974 pack of canned vegetables went into concentrated tomato products—items where complete pack and stocks data do not exist. Supplies of 10 other important canned items—the ones counted—are only slightly larger than a year ago. This reflected larger beginning supplies of snapbeans, beets, sauerkraut, and tomato juice, but smaller supplies of corn, peeled tomatoes, and lima beans. Supplies of pickles, peas, and tomato puree were about the same as a year earlier.

Supplies of frozen vegetables on January 1 were 14 percent more than 1974. Even with ample supplies available, disappearance of the major items—peas, corn, and snapbeans—has lagged behind a year earlier. Recent price cuts may be extended in order to move these larger supplies.

Per capita consumption of potatoes and

sweetpotatoes rose ½ percent or about a pound in 1974, with both potatoes and sweetpotatoes gaining about ½ pound. The gain was concentrated in fresh use; processed use was about the same.

For 1975, a sharp increase in fresh potato use is expected, leading to a 2 percent increase in overall per capita potato consumption. The 1974 fall potato crop, which will provide the bulk of supplies through the first half of 1975, was record large, 13 percent more than the small harvest in 1973.

In seven major processing states, only 3 percent more tonnage was used to January 1 for freezing and dehydrating. Despite the large supply of raw product available, processors may not be eager to add to ample supplies of finished products now on hand.

Record large dry bean output in 1974 means abundant supplies through August 1975, with white beans more plentiful than colored. Unless exports move up sharply, a large quantity of beans is expected to be carried into the 1975/76 market season. As a result, growers are expected to reduce 1975 plantings. Furthermore, in certain dry bean areas, major field crops are likely to prove to be more favorable alternatives this year.

Export markets are likely to absorb more than was shipped in the previous season. However, several other nations as well as the U.S. also have substantial export potential this year. Domestic use of dry beans can be expected to increase only moderately this season.

SUPPLY AND UTILIZATION

Net utilization of farm food commodities in 1974 is now estimated to have declined slightly from 1973 (Table 7). Domestic food use, which accounted for about four-fifths of total net utilization (total utilization excluding feed and seed use), increased a little less than 3 percent or about 2 percent on a per capita basis. But, the volume index of exports, accounting for about 16 percent of net use, was down nearly 13 percent in 1974. This decline is in sharp contrast to the nearly one-third increase which occurred the previous year. Limited supplies, higher commodity prices, reductions in the rate of economic growth in many importing nations, and agreements with foreign governments to reduce or delay imports of U.S. grains and oilseeds probably account for this decline.

Net production of farm food commodities, equivalent to about 87 percent of net utilization, declined more than 1 percent in 1974. Imports accounted for less than a tenth of net use and were down about 9 percent from 1973. Inventories of farm food commodities were again drawn down with stock reductions equivalent to nearly 4 percent of net utilization.

Gross production of crop food commodities was down 9 percent in 1974, reflecting the impact of inclement weather over the Nation's midsection. However, most of the reductions were concentrated in feed grains and oilseeds. Since these crops are harvested late in the year and used largely for livestock feeding, they exert only limited impact on domestic food use in the year in which they are produced. Feed use of crop food commodities was also down about 9 percent and export volume was off 13 percent. A further drawdown of stocks, equivalent to some 6 percent of total utilization of crop food commodities, occurred during calendar year 1974 and civilian food use increased a little over 1 percent.

In contrast to crops, gross production of livestock food commodities increased 4 percent during 1974. Imports, which accounted for less than 4 percent of total use of these commodities, declined nearly a fifth from their level in 1973 while stocks increased slightly in terms of volume. Exports and nonfood uses, representing a relatively small share of total use, declined slightly, leaving domestic food use of livestock commodities about 3½ percent higher.

The production index series for commodities having a major use as food (Table 8), which omits commodities used extensively for livestock feeding, shows an increase of 4.8 percent in 1974. Livestock and crop production increased by 4.1 percent and 6.6 percent, respectively. Imports were down about 10 percent, primarily due to reductions in imported livestock products, especially beef, sheep and lamb, and dairy products. Domestic food use of farm commodities used primarily for food rose 2½ percent, with increased livestock consumption accounting for most of the increase.

A sharp decline in crop exports, especially in food grains, resulted in a sharp decline in total use of these commodities. Less utilization combined with increased production resulted in a noticeable stock buildup, the first in 3 years. This is reflected in larger January 1 stocks for wheat, rice, noncitrus fruits, vegetables, dry beans, and peanuts. Stocks of most of these commodities were unusually low on January 1, 1973.

Table 7.--Livestock, crop, and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1968-74 1/

Year	Supply			Total annual utilization	Utilization					
					Domestic use					Exports and shipments 4/
					Food		Non-food		Total	
	Production	Imports 2/	Stocks 3/		Civilian	Military	Seed and feed	Other		
	A.--All food commodities indexes: (1967=100) 5/									
1968	100.2	111.5	109.1	102.0	102.4	97.9	---	100.3	102.3	100.4
1969	100.6	101.3	116.5	102.5	104.3	83.4	---	100.7	103.8	93.5
1970	98.4	105.4	120.7	105.7	105.8	70.2	---	90.6	104.5	114.0
1971	108.0	110.8	111.8	107.7	108.7	62.9	---	89.0	107.1	111.6
1972	104.6	115.1	123.4	110.9	109.4	50.2	---	92.5	107.6	135.1
1973	106.9	115.4	118.5	113.7	106.4	39.6	---	103.4	104.9	178.3
1974 6/	105.5	104.0	112.2	113.1	109.4	35.8	---	93.7	107.4	155.6
	Livestock food commodities (1967=100)									
1968	100.5	109.0	128.8	102.1	102.2	99.8	96.6	101.9	102.0	106.4
1969	101.0	113.8	112.5	102.6	103.1	85.3	100.0	101.9	102.6	104.8
1970	103.5	124.6	97.5	104.8	105.8	71.6	103.0	95.8	104.7	108.7
1971	106.3	116.9	106.9	107.6	108.7	61.8	100.5	89.9	107.1	128.6
1972	105.9	134.4	102.4	108.0	109.4	49.7	107.3	92.2	107.6	121.1
1973	100.9	144.0	93.1	102.8	104.8	37.4	96.1	81.8	102.7	110.3
1974 6/	104.9	116.5	102.9	105.9	108.4	33.8	92.5	84.1	106.0	105.2
	Crop food commodities (1967=100)									
1968	101.6	112.0	108.1	102.9	103.1	90.8	105.1	99.5	103.6	99.5
1969	103.8	98.3	116.7	105.0	107.2	76.3	110.3	100.2	107.9	91.9
1970	98.1	100.6	121.9	109.3	105.8	64.9	114.8	88.2	108.6	114.7
1971	113.3	109.3	112.1	110.8	108.8	67.2	117.5	88.5	111.1	109.2
1972	111.1	110.2	124.4	119.4	109.6	51.9	126.8	92.7	115.4	137.1
1973	119.1	108.0	119.8	127.8	110.1	48.1	121.4	113.7	114.3	187.9
1974 6/	108.2	101.0	112.7	120.2	111.7	43.5	111.8	98.3	110.6	162.7
	B.--All food commodities: Percentage of annual utilization 5/									
1968	91.4	11.3	-2.7	100.0	83.7	1.8	---	2.8	88.3	11.7
1969	91.3	10.2	-1.5	100.0	84.8	1.5	---	2.8	89.1	10.9
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	84.2	1.1	---	2.3	87.6	12.4
1972	87.7	10.7	1.6	100.0	82.4	.8	---	2.3	85.5	14.5
1973	87.5	10.5	2.0	100.0	78.1	.6	---	2.6	81.3	18.7
1974 6/	86.7	9.5	3.8	100.0	80.7	.6	---	2.3	83.6	16.4
	Livestock food commodities: Percentage of annual utilization									
1968	96.1	3.5	.4	100.0	91.9	2.3	2.0	1.4	97.6	2.4
1969	96.0	3.6	.4	100.0	92.3	1.9	2.0	1.4	97.6	2.4
1970	96.4	3.9	-.3	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972	95.7	4.1	.2	100.0	93.1	1.1	2.0	1.2	97.4	2.6
1973	95.7	4.6	-.3	100.0	93.7	.8	1.9	1.1	97.5	2.5
1974 6/	96.6	3.6	-.2	100.0	94.1	.7	1.8	1.1	97.7	2.3
	Crop food commodities: Percentage of annual utilization									
1968	89.2	15.9	-5.1	100.0	44.8	.6	33.7	3.2	82.3	17.7
1969	89.4	13.6	-3.0	100.0	45.5	.5	34.7	3.2	83.9	16.1
1970	81.1	13.4	5.5	100.0	43.2	.4	34.5	2.7	80.8	19.2
1971	92.4	14.4	-6.8	100.0	43.8	.4	35.0	2.7	81.9	18.1
1972	84.1	13.5	2.4	100.0	40.9	.3	35.1	2.6	78.9	21.1
1973	84.3	12.3	3.4	100.0	38.3	.3	31.4	3.0	73.0	27.0
1974 6/	81.4	12.2	6.4	100.0	41.6	.2	30.7	2.7	75.2	24.8

1/ Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-67 data see NFS-136. 2/ Includes shipments from U.S. Territories. 3/ Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/ Includes shipments to U.S. Territories. 5/ Feed and seed omitted from total commodities to avoid double counting of use through livestock. 6/ Preliminary.

Table 8.--Supply and utilization of agricultural food commodities: Percentage of total utilization in 1967, selected years 1960-74 1/

Year	Supply			Total annual utilization	Utilization				
					Domestic use				
					Food		Nonfood 4/	Total	Exports 2/
	Production	Imports 2/	Stock withdrawal 3/		Civilian	Military			
Section A. All agricultural food commodities 5/									
1960	79.2	9.2	-2.8	85.6	73.2	1.2	2.6	77.0	8.6
1965	87.4	9.4	-.5	96.3	79.6	1.6	2.8	84.0	12.3
1967	93.1	10.3	-3.4	100.0	83.4	1.9	2.8	88.1	11.9
1970	91.5	10.9	3.3	105.7	88.3	1.3	2.5	92.1	13.6
1971	100.5	11.4	-4.2	107.7	90.6	1.2	2.5	94.3	13.4
1972	97.3	11.9	1.7	110.9	91.3	.9	2.6	94.8	16.1
1973	99.5	11.9	2.3	113.7	88.8	.7	3.0	92.4	21.3
1974 I/	98.0	10.7	4.3	113.1	91.3	.7	2.6	94.6	18.6
Section B. Agricultural commodities used primarily for food 6/									
1960	78.6	10.0	-1.3	87.3	77.8	1.3	1.8	80.9	6.4
1965	84.8	10.3	1.0	96.1	84.3	1.8	2.0	88.1	8.0
1967	90.4	11.2	-1.6	100.0	88.6	2.0	1.9	92.5	7.5
1970	92.1	11.8	.6	104.5	93.4	1.4	1.7	96.5	8.0
1971	95.5	12.4	-1.1	106.8	96.0	1.3	1.6	98.9	7.9
1972	93.9	12.9	1.5	108.3	96.4	1.0	1.7	99.1	9.2
1973	93.5	12.9	2.7	109.1	93.7	.8	1.9	96.4	12.7
1974 I/	98.0	11.7	-1.2	108.5	96.3	.7	1.6	98.6	11.1
Livestock food commodities									
1960	84.2	1.9	-.1	86.0	89.8	1.5	1.5	83.8	2.2
1965	92.2	2.4	.5	95.1	88.6	2.1	1.5	92.2	2.9
1967	97.5	3.3	-.8	100.0	93.8	2.4	1.4	97.6	2.4
1970	100.9	4.2	-.3	104.8	99.1	1.7	1.4	102.2	2.6
1971	103.8	3.9	.1	107.8	102.0	1.5	1.3	104.8	3.0
1972	103.2	4.5	.3	108.0	102.5	1.2	1.4	105.1	2.9
1973	98.5	4.8	-.3	103.0	98.3	.9	1.2	100.4	2.6
1974 I/	102.5	3.9	-.2	106.2	101.7	.8	1.2	103.7	2.5
Crop commodities used primarily for food									
1960	67.0	26.9	-3.8	90.1	71.6	.9	2.5	75.0	15.1
1965	69.6	26.6	1.9	98.1	75.4	1.3	2.9	79.6	18.5
1967	75.8	27.4	-3.2	100.0	77.8	1.2	2.8	81.8	18.2
1970	73.9	27.5	2.5	103.9	81.8	.7	2.2	84.7	19.2
1971	78.5	30.0	-3.7	104.8	84.0	.8	2.1	86.9	17.9
1972	74.9	30.2	3.9	109.0	83.7	.6	2.3	86.6	22.4
1973	83.2	29.7	8.7	121.6	84.2	.6	3.4	88.2	33.4
1974 I/	88.7	27.7	-3.1	113.3	85.0	.5	2.6	88.1	25.2

1/ Quantities weighted by 1957-59 average farm prices. Domestic use allocated on basis of value of processed products. Quantities used domestically for feed and seed are omitted from both supply and utilization categories.

2/ Includes trade with U.S. Territories.

3/ Negatives indicate stock buildup during the year. Includes farm (other than live animals), commercial, and Government program holdings.

4/ Excludes domestic feed and seed use. See footnote 1.

5/ Essentially all commodities having any food use in the United States.

6/ Excluded from the total (presented in Section A) are all grains except wheat and rice and all major oilseeds except peanuts. With these exclusions, 3 percent of domestic food use is removed from consideration (2 percent in oilseeds and 1 percent in grains).

I/ Preliminary estimates.

Table 9.--Production of major food commodities, 1967 and 1974 1/

Commodity	Unit	1967	1971	1972	1973	1974	
						Total 2/	Change from 1973
Meats (carcass weight) - Total	Mil. lb.	34,238	37,795	37,061	34,899	37,646	7.9
Beef	Mil. lb.	20,219	21,902	22,419	21,277	23,017	8.2
Veal	Mil. lb.	792	546	459	357	471	31.9
Lamb and mutton	Mil. lb.	646	555	543	514	470	-8.6
Pork (excluding lard)	Mil. lb.	12,581	14,792	13,640	12,751	13,688	7.4
Poultry and eggs 3/							
Eggs	Mil. doz.	5,777	5,856	5,795	5,544	5,454	-1.6
Chicken (ready-to-cook)	Mil. lb.	7,523	8,720	9,102	8,916	8,970	.6
Turkey (ready-to-cook)	Mil. lb.	1,883	1,811	1,945	1,956	1,945	-.6
Dairy products							
Total milk	Bil. lb.	118.7	118.5	119.9	115.6	115.4	-.2
Cheese 4/	Mil. lb.	1,919	2,374	2,604	2,685	2,904	8.2
Condensed and evaporated milk	Mil. lb.	1,886	1,492	1,435	1,338	1,220	-8.8
Ice Cream (product weight)	Mil. lb.	3,578	3,676	3,685	3,714	3,760	1.2
Fats and oils - Total fat content 5/	Mil. lb.	14,546	18,393	18,354	17,814	19,565	9.8
Butter (actual weight)	Mil. lb.	1,238	1,147	1,102	919	950	3.4
Lard 6/	Mil. lb.	2,076	1,960	1,558	1,254	1,350	7.7
Margarine (actual weight)	Mil. lb.	2,114	2,290	2,361	2,357	2,425	2.9
Shortening	Mil. lb.	3,226	3,515	3,532	3,445	3,515	2.0
Other edible fats and oils 7/	Mil. lb.	11,473	15,505	15,909	15,820	17,450	10.3
Fruits							
Fresh:							
Citrus	Mil. lb.	7,454	6,986	7,012	7,132	7,662	7.4
Apples (commercial)	Mil. lb.	3,178	3,482	3,345	3,515	3,600	2.4
Other (excluding melons)	Mil. lb.	3 055	3,598	3,149	3,559	3,826	7.5
Processed:							
Canned fruit	Mil. lb.	4,354	4,313	4,027	4,263	4,753	11.5
Canned fruit juices	Mil. lb.	2,781	3,161	3,082	3,465	3,092	-10.8
Frozen (including juice)	Mil. lb.	2,136	2,082	2,212	2,713	2,606	-3.9
Dried	Mil. lb.	687	636	375	867	827	-4.6
Vegetables 8/							
Fresh 9/	Mil. lb.	21,640	22,259	21,471	22,068	22,547	2.2
Canned	Mil. lb.	10,703	10,338	10,261	10,845	11,609	7.0
Frozen	Mil. lb.	1,993	1,952	2,210	2,379	2,382	.1
Potatoes and sweetpotatoes							
Potatoes	Mil. cwt.	306	319	296	299	340	13.7
Frozen potato products	Mil. lb.	1,491	2,565	2,594	2,691	2,978	10.7
Sweetpotatoes	Mil. cwt.	13.5	11.7	12.5	12.5	13.4	7.2
Grains							
Wheat	Mil. bu.	1,508	1,618	1,545	1,705	1,793	5.2
Rice, rough	Mil. cwt.	85.1	83.8	85.8	85.4	92.8	8.7
Corn, grain only	Mil. bu.	4,860	5,641	5,573	5,647	4,651	-17.6
Other							
Dry edible beans 10/	Mil. lb.	1,522	1,592	1,812	1,639	2,080	26.9
Melons 9/	Mil. lb.	4,339	4,492	4,367	4,341	3,791	-12.7
Sugar raw basis	1,000 tons	5,294	5,819	6,015	6,066	5,563	-8.3
Peanuts, farmers' stock	Mil. lb.	2,477	3,005	3,275	3,474	3,680	5.9

1/ Calendar year basis except: Fresh citrus fruit for which the season begins in the fall of the previous year; dried fruits on a pack year beginning year indicated; rice on a marketing year ending year indicated. 50-State basis beginning 1960.

2/ Preliminary.

3/ Includes an allowance for nonfarm production.

4/ Excludes full skim, cottage, pot, and baker's cheese.

5/ Includes butter, lard and "other edible fats and oils".

6/ Includes amount used in manufactured food and nonfood products.

7/ Includes cottonseed, peanut, soybean, corn, edible olive, and oleo oils; also oleo stocks, oleostearine, and edible tallow which are processed into margarine, shortening, cooking and salad oils, and nonfood items.

8/ Excludes potatoes and sweetpotatoes.

9/ Commercial production for distant markets and for local markets; includes quantities not harvested. Excludes farm garden output for farm household use.

10/ Cleaned basis.

11/ Less than 0.5 percent.

SUGAR AND TROPICAL PRODUCTS—SITUATION AND OUTLOOK

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SUGAR

Per capita consumption of refined sugar totaled about 100 pounds in 1974, down about 2 pounds from 1973, based on preliminary data. Domestic production of 5.56 million tons (raw value) dropped sharply from 1973, reflecting a steep decline in the 1974 beet sugar crop. Larger imports partly offset the decline in production. Reflecting primarily both domestic and world tight supply conditions, both U.S. and world prices rose to unprecedented heights, throughout 1974—peaking in November. According to trade sources, other contributing factors, keyed to the tight supply situation, included uncertainties concerning U.S. sugar policy, termination of the U.S. Sugar Act, and a higher than needed U.S. requirements level.

Sugar Prices Peaked in November—Then Declined

The U.S. raw cane sugar price (New York spot) averaged $47.60 per hundredweight in the fourth quarter 1974, up sharply from $31.60 in the third quarter (Table 10). The November average was $57.30 per cwt—peaking at $64.50 on November 20. The January 1975 average was $40.15 per cwt, a further decline from the December average of $46.70. Moreover, for 12 out of the 22 pricing days in January the domestic price was less than $40.00 per cwt, as prices averaged less at the end of January than at the beginning. And through the first half of February prices continued to average under $40.00 per cwt.

Sugar Deliveries Increased through November—Then Dropped

As prices continued to rise in 1974, monthly sugar deliveries to industrial users, wholesalers, and retailers were just about keeping pace with 1973. Sugar deliveries through the first 3 quarters of 1974 totaled 8.86 million tons (raw value) nearly the same as in the comparable 1973 period (Table 11). Through November 1974, sugar deliveries totaled 10.76 million tons, over 60,000 tons ahead of the same period in 1973, despite sky-high sugar prices, particularly in the second half of 1974.

Why Deliveries Increased Through November—Despite Record Prices

A major reason why 1974 sugar deliveries kept up with the year earlier pace through November 1973—despite ever rising sugar prices—is the way sugar is marketed. Price increases are seldom effective immediately after being announced.

The normal practice is for wholesale price increases in refined sugar to be announced several days in advance of the effective date, which is usually at the beginning of the following week. In the meantime, buyers can continue to buy at the "bargain" price before the announced rise. Thus, inventories increase in value. This method of selling sugar, particularly with rising prices, provided continuing economic motivation for domestic users to keep inventories as large as financially possible, as long as buyers expected sugar prices to continue to rise. So it is not surprising that through last November, total sugar deliveries exceeded the first 11 months of 1973—despite record prices.

The Tide of Sugar Prices Turned

But the tide was beginning to turn! Sugar prices (New York spot) peaked on November 20 and then began to decline. Domestic users were well aware of the decline of raw sugar prices beginning in late November and continuing in December, January and early February.

Sugar deliveries fell sharply in December consistent with falling sugar prices. When the U.S. raw price is declining there is no incentive for industrial users, wholesalers, or retailers to increase or maintain their level of purchases. Consequently, current needs were largely met from inventories built during the rising market.

Both retail and wholesale refined sugar price movements lagged the rise in raw prices. Retail sugar prices continued to rise reaching 63 cents per pound in December. With both raw and wholesale refined sugar prices declining, lower sugar prices are now appearing in retail stores.

World Sugar Situation to Continue Tight

The world market situation is expected to continue tight at least until 1975 crop prospects are known.

Table 10 --U.S. Sweeteners and Beverages: Selected Prices: 1970-1974

Commodity	1970	1972	1973	1974				
				Year	I	II	III	IV
	Cents per pound 1/							
	Sugar							
Raw:								
New York, duty paid	8.07	9.09	10.29	29.50	15.94	22.87	31.55	47.62
World f.o.b. Caribbean	3.75	7.43	9.61	29.99	19.29	23.03	30.40	47.26
Quota premium 2/	+3.19	+.55	-.70	-2.12	-4.91	-1.86	-.48	-1.28
Refined:								
Wholesale								
Northeast, cane 3/	11.97	13.09	14.07	34.35	18.35	27.48	36.69	54.90
Chicago-West, beet 3/	11.08	11.82	12.38	32.07	17.54	26.35	34.09	50.29
Pacific Coast, beet 3/	10.79	11.65	12.38	31.90	18.68	26.67	32.75	49.49
Bulk, dry beet, f.o.b. plant	9.87	10.59	11.40	28.46	15.69	23.40	30.38	44.38
Retail, U.S.: 5-pound package	12.96	13.90	15.10	32.34	18.51	25.38	34.99	50.46
	Corn Sweeteners							
Wholesale, Chicago:								
Corn sirup, (dry basis)	6.77	4.52	7.07	11.43	8.91	9.92	11.91	14.94
	Coffee							
Wholesale, green, New York								
Colombian, Manizales	57.2	57.6	73.2	78.0	77.3	82.8	75.8	75.8
Mexican washed	52.6	50.5	62.5	67.5	71.3	72.7	64.3	61.6
Brazilian, Santos, No. 4	55.7	54.4	67.7	70.2	72.7	75.3	65.0	67.7
Robusta, Ambriz No. BB	42.0	44.7	49.7	59.3	59.7	64.5	56.8	56.3
Retail, U.S.:								
Roasted, can	91.1	92.7	104.0	122.9	113.0	120.1	128.3	130.1
Instant soluble (6 oz. jar) 4/	104.7	109.3	116.0	138.5	123.4	134.8	145.2	150.4
	Tea							
Wholesale, black, New York	45.8	50.7	48.2	62.0	52.6	63.2	64.4	67.8
Retail, package of 48 tea bags, 4/	63.1	64.9	66.1	72.0	68.2	69.8	73.0	76.9
	Soft drinks							
Retail:								
Cola drinks (6-12oz. bottles) 4/	72.6	83.3	86.1	108.9	92.1	101.9	116.0	125.4
Carbonated fruit drink (6-12oz. bottles) 4/	69.1	73.2	75.5	93.7	79.7	87.0	98.8	109.4
	Cocoa and Chocolate							
Wholesale, New York:								
Cocoa beans, "Accra"	34.2	32.3	64.4	98.3	75.7	109.1	106.7	101.6
Cocoa butter	69.5	72.2	140.2	187.6	152.9	220.0	185.9	191.2
Retail U.S.:								
Chocolate bar (1 oz.) 4/	6.54	6.70	6.96	9.78	8.40	9.77	10.00	10.97
Chocolate flavored sirup (16 oz. container) 4/	25.1	25.2	26.6	36.5	31.9	34.5	35.5	43.9

1/ Except as noted.
2/ Difference between New York and world prices, adjusted to exclude duty and computed freight from Greater Caribbean ports (including Brazil), insurance and unloading charges.
3/ Basis price, 100 lb. paper bags, carload lots.
4/ Cents per specified unit.

Source: Sugar prices (except bulk, dry beet f.o.b. plant, and U.S. average retail--BLS data) from Sugar Reports; wholesale cocoa and cocoa butter prices from Journal of Commerce; all other data from Bureau of Labor Statistics.

Table 11--Monthly sugar prices and deliveries, 1974-75

Month	Monthly prices 1/			Monthly deliveries 2/		
	Actual	Change from year ago	Change from previous month	Actual	Change from year ago	Change from previous month
	Dol. per cwt.			1,000 tons		
1974:						
January	12.63	+3.25	+1.29	960	+111	+49
February	17.09	+7.95	+4.46	868	+73	-92
March	18.11	+8.66	+1.02	921	-128	+53
1st quarter	15.94	+6.62	3/+4.74	2,749	+56	3/+13
April	19.25	+9.60	+1.14	899	+10	-22
May	23.05	+12.99	+3.80	1,038	+54	+139
June	26.30	+16.05	+3.25	988	-70	-50
2nd quarter	22.87	+12.88	3/+6.93	2,925	-6	3/+176
July	28.35	+18.10	+2.05	1,058	+33	+70
August	32.60	+21.85	+4.25	1,132	-65	+74
September	33.75	+22.78	+1.15	998	-25	-134
3rd quarter	31.55	+20.89	3/+8.68	3,188	-57	3/+263
October	38.83	+27.68	+5.08	1,041	+104	+43
November	57.30	+46.20	+18.47	877	-11	-164
December	46.74	+35.40	-10.56	441	-470	-436
4th quarter	47.62	+36.42	3/+16.07	2,358	-377	3/-830
Annual 1974	29.50	+19.21	4/+20.41	11,220	-385	4/-154
1975						
January	40.15	+27.52	-6.59	524	-436	+83

1/ New York spot raw.

2/ U.S. deliveries, raw value.

3/ Comparison with previous quarter.

4/ Comparison with 1973.

Source: Sugar Reports.

The U.S. Sugar Act and the Commonwealth Agreement terminated on December 31, 1974. The United States will be buying sugar in the world free market in 1975 for the first time since 1934. The European Common Market will be purchasing sugar for themselves (which includes the United Kingdom) under negotiated arrangements with former member countries of the British Commonwealth.

World sugar production in 1974/75, is now estimated to have reached a record 89.2 million tons (raw value) though only fractionally higher than in 1973/74. Poor weather reduced production of sugarbeets in the current season in many Eastern Hemisphere countries.

World consumption in 1974/75 is expected to about match world production. World prices will likely fluctuate with changes in the relationship of world consumption to world supplies. And world sugar stocks will likely continue at relatively low levels throughout 1975.

1975 Outlook for Sugar Prices

The major factor which would cause U.S. prices to decline this year from current levels would be larger U.S. and world sugar crops this fall. For example, an increase in world production of 5 million tons or more would exert significant downward pressure on sugar prices. If this fall's crop doesn't increase substantially, then U.S. prices aren't likely to decline very much from current levels.

If the prospective Northern Hemisphere fall crop is large enough then Southern Hemisphere suppliers may begin to dispose of their inventories sometime this summer, which could put further downward pressure on U.S. prices. Until there is some definite indication of the size of the 1975/76 fall crop, U.S. prices will likely fluctuate moderately around the current price of $38.75 per cwt, (as of Feb. 13).

The sugar trade uses the futures market as one indicator of prospective future sugar prices. The futures market indicates the trade at present (February 11) believes that U.S. raw sugar prices may not decline much below $30.00 per cwt before near yearend. The current futures market also indicates sugar prices could be in the high $20.00's in the first half of 1976. Lower futures prices in the more distant months implies the sugar industry may already anticipate potentially larger world sugar production in 1975/76 well before crop planting prospects are finalized.

U.S. Sugar Production Declined in 1974

U.S. sugar production totaled about 5.6 million tons (raw value) in 1974, down 3 percent from 1973. The total area of 748,000 acres of sugarcane for harvest was less than 1 percent larger than in 1973. Total output of 24.8 million tons of sugarcane in crop year 1974/75 nearly matched the previous year's level. However, mainland cane sugar production is expected to total higher than a year ago.

Hawaiian cane sugar production last year declined from 1973 because of a strike in early 1974. While data are still preliminary and much cane remains to be processed in Florida and Texas, the total 1974/75 cane crop will likely exceed slightly the quantity of sugar produced a year ago—2.55 million tons.

Acreage of sugar beets for harvest of 1.22 million acres in 1974 nearly matches the previous year's level. There were declines in acreage for harvest in the higher yielding states of California, Idaho, and Washington and increases in the Red River Valley (Minnesota-North Dakota) where acreage yields are relatively low. Lower than normal yields in the Red River Valley largely offset expanded acreage, so that there was only a 7 percent increase in production in that area, despite a 50 percent increase in acreage for harvest.

Total estimated U.S. sugarbeet production of 22.3 million tons was down about 9 percent from the previous year, due to lower yields. This crop should produce about 3,050,000 tons of sugar, (raw value) down 5 percent from the 1973 crop, reflecting higher recovery rates which partly offset lower beet production.

Domestic Production Likely to Increase in 1975

Growers' intentions as of January 1 indicate acreage planted to sugarbeets may total about 1.52 million acres in 1975, up nearly a fifth. And if this acreage is planted, acreage for harvest of sugarbeets in 1975 would total about 1.45 million acres. This large an acreage, assuming normal growing conditions with an allowance for trend, means that sugarbeet production in 1975 could total sharply higher than the 22.3 million ton 1974 crop. Moreover, with normal recovery rates consistent with trend, beet sugar production from the 1975 beet crop may be sharply higher than from the 1974 crop.

Growers in higher yielding States particularly indicated their intentions to expand acreage. With normal weather, sugarbeet yields should average 2.0 tons per acre higher in 1975 than the depressed yields in 1974.

While acreage data are not available on domestic cane, production will likely increase there as well—but probably not as much as in the sugarbeet areas.

U.S. Imports Rose in 1974

Imports of sugar totaled 5.76 million tons (raw value) in 1974, over 400,000 tons higher than in 1973. Imports were up from Argentina, Brazil, most Central American countries, Colombia, Dominican Republic, Peru, and the Philippine Republic. Countries with lower imports included Australia, Ecuador, Mexico, and Venezuela and Costa Rica.

Shipments from Hawaii to the U.S. mainland totaled 1.00 million tons in 1974, down from 1.14 million tons in 1973. Inshipments from Puerto Rico reached 157,000 tons last year, more than double the 76,000 tons received in 1973. Total imports and inshipments plus shipments from mainland raw cane sugar mills to refiners totaled 8.12 million tons in 1974, about the same as in 1973.

Sugar imports (raw value)

Area	1972	1973	1974
	1,000 short tons		
Caribbean Islands	948	801	1,115
Mexico and Central America	1,038	1,035	955
Total North America	1,986	1,836	2,070
South America	1,420	1,360	1,553
Total Western Hemisphere	3,406	1,196	3,623
Philippines	1,432	1,454	1,474
Other Eastern Hemisphere	621	679	662
Total Eastern Hemisphere	2,053	2,133	1,136
Total U.S. Imports	5,459	5,329	5,579

Source: *Sugar Reports*

7.0 Million Ton Global Import Quota in 1974

The U.S. Sugar Act expired on December 31, 1974. Last year sugar import quotas totaled 6.77 million tons (raw value)—based on 12.5 million tons consumption requirements—of which only 5.76 million tons were imported—a shortfall of over 1.0 million tons.

On November 18, 1974, the President proclaimed a global quota of 7.0 million tons (raw value) for U.S. sugar imports for 1975. The global quota is to be filled on a first-come, first-served basis for either raw or refined sugar. The purpose of the quota was to prevent the present tariff rate (0.6625 cents per pound—refined basis) from snapping back to the 1934 rate (1.9875 cents per pound). The 7.0 million ton global quota is intended to be larger than actual import needs so imports will not be restricted. Depending on the level of 1975 domestic production and consumption, U.S. imports could range between 4.5 to 5.5 million tons, substantially less than the 7.0 million ton global quota.

There is no limitation on imports of refined sugar under the 7.0 million ton global quota provision. However, while imports of refined sugar may increase some in 1975, imports will likely be limited to consumer packages and large industrial packages (between 50 and 110 pounds). Sanitary considerations limit imports of bulk dry refined sugar and liquid sugar.

Dollar Value of Sugar Imports Sets Record

The value of sugar imports in calendar year 1974 totaled $2.26 billion, more than double the $918 million posted in 1973, (Table 12). Both larger quantities and sharply higher sugar prices contributed to the increase, with most of the rise coming from the latter.

Historically, the dollar value of U.S. coffee imports has exceeded that of sugar. But in 1974 the $2.26 billion value of sugar imports was about half again as large as the $1.50 billion value of coffee imports. If present high prices continue, the dollar value of sugar imports may again exceed coffee imports, even though the quantity of imported sugar is expected to decline this year.

Sugar Price Hearings

The Council on Wage and Price Stability held hearings on sugar prices in Washington on November 26 and 27, 1974. A report concerning high sugar prices is scheduled for release about March 1.

Congressman Joseph P. Vigorito's Agricultural Subcommittee on Domestic Marketing and Consumer Relations also held hearings on December 9, 10, 11, 12, and 17 concerning the rising price of sugar and the sugar industry. The hearings are expected to be published soon.

There have been signs of interest in the new Congress in sugar legislation and it is reported that at least one bill on the subject is to be introduced. Should this occur, new hearings would probably be scheduled as the makeup of the current House Committee on Agriculture has changed considerably from that of the previous Congress.

CORN SWEETENERS

While sugar and honey prices rose sharply last year, corn sirup prices increased much less. Corn sirup prices average $14.94 per cwt (Chicago—dry basis) in the fourth quarter. Both the December and the January price were $15.89 per cwt (dry basis).

Dextrose and high-fructose corn sirup prices are much higher but still lower than sugar prices.

Trade sources indicate that new high-fructose corn sirup shipments totaled 300,000 to 400,000 tons (dry basis) last year. Some of the decline in sugar consumption in 1974 was likely replaced by high-fructose corn sirup. Only lack of processing capacity prevented more high-fructose corn sirup from being produced. If present plans for expanding manufacturing facilities are fulfilled, capacity could total 500,000 tons or more by yearend.

High-fructose, dextrose, and corn sirup are being marketed under allocation (company rationing). Four new processing plants are scheduled to be built, three outside the Corn Belt. Processing capacity at some of the existing plants is also scheduled for

Table 12--Dollar value of selected imports

Commodity	1972	1973	1974
	- - - - Million Dollars - - - -		
Sugar, cane or beet:			
By polariscopic test:			
Over 99 degrees	12	5	1/
Over 98, not over 99	162	157	403
Over 97, not over 98	397	472	1,109
Over 96, not over 97	77	91	310
Over 95, not over 96	176	192	436
Not over 95 degrees	1/	1	1
Total value of sugar	824	918	2,259
Honey	9	4	11
Coffee:			
Green	1,182	1,565	1,504
Processed:			
Roasted	16	21	15
Instant soluble	79	102	119
Total processed	95	123	134
Total value of coffee	1,277	1,688	1,638
Total value of tea (excluding tea mix)	63	69	79
Cocoa and chocolate:			
Cocoa beans	151	212	316
Semiprocessed:			
Unsweetened chocolate	3	7	21
Cocoa butter	26	32	55
Unsweetened cocoa	27	28	38
Other products	4	5	4
Total semiprocessed	60	72	118
Consumer products:			
Sweetened chocolate	11	11	11
Chocolate confectionery	16	17	23
Other products	1/	1/	1
Total consumer	27	28	35
Total value of cocoa and chocolate	238	312	469

1/ Less than $500,000.

Source: U.S. Bureau of the Census.

expansion. Thus, while sugar deliveries are expected to decline this year, corn sweetener deliveries will be up sharply, particularly new high-fructose corn sirup and regular corn sirups. The chief limitation on corn sweetener deliveries this year will be processing capacity.

Honey Production Declines

U.S. honey production totaled 185 million pounds in 1974, down 40 million from 1973. Honey imports totaled about 26 million pounds, more than double the 11 million imported in 1973. U.S. beekeepers received an average of 51 cents per pound for all types of honey last year, up from 44 cents per pound in 1973.

The short crop came at a rather bad time for beekeepers, because with very high sugar prices they probably could have marketed substantially more honey without depressing honey prices significantly. U.S. prices did rise enough, however, not only to encourage increased imports, but also to reduce exports from 18 million pounds in 1973 to 4.6 million in 1974. If weather is normal, U.S. production will likely increase this year.

Noncaloric Sweeteners

Currently there is only one U.S. saccharin producer. One other producer ceased production in the early 1970's. The output of this one firm is believed to have increased sharply in 1974 in response to rapidly rising sugar prices, but probably somewhat less than when there were two manufacturers. Moreover, saccharin imports in 1974 totaled 3.2 million pounds, over half again as large as in 1973.

Increased use of saccharin in 1974 was largely in consumer packages and soft drinks. There was a strong price incentive in 1974 for consumers to purchase saccharin and saccharin-containing sweeteners for table use. Trade sources indicate that sales of such saccharin-containing products rose sharply last year.

Use of saccharin in low-calorie soft drinks is limited by soft drink sales. Many manufacturers elected in 1974 when sugar prices were rising rapidly to maintain the practice of pricing sugar-containing and low-calorie soft drinks identically despite the sharply lower ingredient cost of low-calorie soft drinks. As a result, low-calorie soft drink sales did not increase as much last year as might have been expected had the saccharin cost savings been passed on to retail buyers. Some companies have recently changed this policy.

Without a significant difference in retail prices between sugar-sweetened and saccharin-sweetened soft drinks, the increase in saccharin use in soft drinks will be limited this year. But as long as there is a substantial difference in retail prices of sugar and saccharin-containing sweeteners for table use, the sales of the latter products will probably continue to rise.

COFFEE

Consumption Down Again

Per capita coffee consumption declined again in 1974, continuing the downtrend which began in 1962. Per capita consumption totaled 13.1 pounds, green bean equivalent (GBE), down from 13.6 pounds in 1973. Regular coffee consumption totaled 10.8 pounds last year, while per capita instant coffee consumption remained steady at 2.3 pounds.

Roastings Declined in 1974

Domestic roastings totaled 2.46 billion pounds last year, down 4 percent from 1973. Roasted coffee declined over 4 percent while instant roastings were down nearly 4 percent.

U.S. Coffee Roastings (Green bean equivalent)

Calendar year	Roasted coffee	Instant coffee	Total
	Million pounds	*Million pounds*	*Million pounds*
1969	2,295	463	2,758
1970	2,206	434	2,640
1971	2,154	440	2,594
1972	2,209	446	2,655
1973	2,148	420	2,568
1974[1]	2,059	404	2,463
	Change from previous year		
	Percent	*Percent*	*Percent*
1970	-3.9	-6.3	-4.3
1971	-2.4	1.4	-1.7
1972	2.6	1.4	2.4
1973	-2.8	-5.8	-3.3
1974[1]	-4.1	-3.8	-4.1

[1] Preliminary.

Source: *Green Coffee, Inventories, Imports, Roastings.* BG-41-74-4. Bureau of the Census, U.S. Dept. of Commerce, February 1975, p. 3

Imports: Green and Roasted Down—Instant Up

U.S. green coffee imports totaled 2.54 billion pounds in 1974, down nearly 12 percent from the previous year. Moreover, after subtracting the 161 million pounds of green coffee reexported to other countries, net imports of green coffee were only 2.38 billion pounds. This was the smallest amount of green coffee imported into the United States since 1954.

Roasted coffee imports in 1974 totaled 25 million pounds (GBE), down about 40 percent from the 1973 level. This drop reverses an uptrend from 6 million pounds beginning in 1969. Instant coffee imports totaled 181 million pounds (GBE) last year, up 5

Coffee imports (green bean equivalent)

Item	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
Green coffee	2,866	2,746	2,883	2,545
Minus reexports ...	-39	-49	-120	-161
Net imports	2,827	2,697	2,763	2,384
Roasted coffee[2] ...	25	36	42	25
Instant coffee[2] ...	90	141	172	181
Total imports ...	2,942	2,874	2,977	2,590

[1] Preliminary. [2] Reexports of roasted and instant coffee are relatively insignificant.

Source: Bureau of Census.

percent from 1973 and continuing an uptrend beginning with 91 million pounds in 1971.

1974/75 World Crop Up a Fourth

The 1974/75 world coffee crop was estimated at 78.9 million bags (132.3 pounds each) as of December 1974. This would be a fourth larger than last crop year and the largest since the 81.6 million bags produced in 1965/66.

Output in Brazil, the world's largest producer, is expected to total about 27 million bags, nearly double last year's low output. Coffee trees in Brazil have recovered from the frost damage in 1972. Colombia is expected to harvest a record crop of 9.5 million bags. Production also increased in Central America, Mexico, Ecuador, Ethiopia, Ivory Coast, Malagasy Republic, Tanzania, India, and Indonesia.

Exportable production (harvested production less estimated domestic consumption in producing countries) is expected to total about 58.8 million bags—more than a third higher than in 1973/74. With more coffee available, trade sources suggest that stocks in importing countries will likely decline. U.S. green coffee stocks of 400 million pounds on December 31, 1974, were more than a fourth lower than a year ago. With green coffee prices down significantly in the latter half of 1974 and larger supplies available from the new crop, U.S. roasters, importers, and dealers feel less need to maintain green coffee stocks at former levels.

Producer Retention Schemes

Representatives of the Latin American coffee producing countries are attempting to form a multinational organization with the objective of strengthening the price for mild coffee. The producers' organization, "Cafes Suaves Centrales S.A." consists of Costa Rica, Guatemala, Honduras, Mexico, El Salvador, and Venezuela. One of its first goals is to achieve a basic price of $70.00 per cwt. The organization was scheduled to be formally established in January 1975, headquartered in Caracas.

In a December meeting of Central and South American countries in Caracas, Venezuela reportedly offered to provide $80 million on a loan basis for coffee stockpiling by the Central American states. There have also been reports that Venezuela may provide the Central American countries access to a special $500 million loan fund to be set up with the Inter-American Development Bank.

The Robusta producers group (mostly from African countries) met in London recently and agreed to raise its price target. The Robusta producers want to put producer retention plans into effect immediately.

International Coffee Agreement

Representatives of many of the member countries of the International Coffee Agreement, both consumers and producers, have been meeting in London in December and January in an effort to establish a basis for negotiation of a new ICA with economic provisions (quotas). The representatives, organized in working groups have been considering specific proposals from member countries.

Simultaneously, representatives of most of the producing countries have also been meeting separately in order to determine an agreed position and also to discuss ways of strengthening coffee prices which have fallen in recent months. The consuming countries recently issued a statement that they will participate in the discussions in a positive way. Tentatively, the International Coffee Council will meet again in London this summer from June 24 to July 11, to negotiate a new International Coffee Agreement.

U.S. Coffee Prices—Firm so Far

U.S. green coffee prices for the most part remain firm. Colombian green coffee prices remained unchanged from the third to fourth quarters; Brazilian prices increased, while Mexican and Robusta prices delined slightly. Both Mexican and Robusta prices slipped slightly further in January, but Colombian and Brazilian prices increased a bit. Announcements of producer retention schemes may have prevented green coffee prices from declining to lower levels, which were expected earlier.

Retail coffee prices were higher in the fourth quarter of 1974 than in the third, but the rate of increase slowed. In fact, the December average retail price for roasted coffee of $1.29 per pound was down from the $1.30 in November. The December price for instant coffee of $1.51 per 6-ounce jar was nearly a cent higher than in November. Roasted coffee prices are more sensitive to changes in green coffee prices than instant.

Outlook for 1975

Coffee imports are likely to be higher this year than in 1974. Green coffee imports will likely rise at least

200 million pounds this year. Producing countries have been exploring retention schemes to firm green coffee prices. If realized, U.S. green prices will likely remain firm this year, at least until there is a fix on the size of the 1975/76 crop.

With green coffee prices remaining firm or perhaps declining slightly, retail prices will probably remain near current levels for some time. Retail prices are not likely to change very much in 1975.

TEA

Consumption, Imports, Prices—All Up

Per capita tea consumption totaled 0.80 pound (dry leaf basis) in 1974, up from 0.79 pound in 1973. This continues the uptrend in consumption which began in the 1960's. Tea imports totaled a record 178 million pounds last year, up 4 million from the 1973 level, and exceeding the previous record of 175 million pounds set in 1971.

Tea prices increased sharply at all levels in 1974, reflecting a growing tightness in available world supplies. Wholesale black tea prices (India-Ceylon composite) averaged 62 cents per pound, up 14 cents per pound from 1973. And the fourth quarter average of 68 cents per pound was 20 cents above the 1973 average.

The increase was less at retail. A package of 48 tea bags averaged 72 cents per pound in 1974, up only 6 cents from 1973. The 1974 fourth quarter average of 77 cents per package, however, was up 11 cents from the annual 1973 average.

Outlook for 1975

Tea imports are anticipated to decline slightly this year, because of a continuing tightness in world supplies and higher prices. At high price levels there is less incentive for importers, packers, and processors to increase, or even maintain, present stock levels.

Per capita tea consumption this year will likely match last year's level of 0.80 pound. Prospective higher tea prices this year may hold back the normal per capita trend increase of 0.01 pound.

COCOA AND CHOCOLATE

U.S. per capita cocoa consumption totaled 3.7 pounds (bean equivalent—BE) last year, down from 4.2 pounds in 1973. A sharp drop in the domestic grind, as well as declines in imports of semiprocessed and consumer products, contributed to lower consumption. Consumer resistance to higher retail prices of chocolate confectionery due to the higher cost of cocoa, sugar, milk solids, and other ingredients has reduced per capita consumption.

Both Fourth Quarter and Annual Grindings Down

Annual world grindings totaled 505 million pounds in 1974, off 18 percent from the 1973 grind of 615 million and the lowest since 1960.

The fourth quarter grind of 107 million pounds was down 11 percent from the third quarter. Moreover, it was the lowest of any quarter since the 100 million pounds posted in the third quarter of 1959—and the lowest fourth quarter since the 91 million pound grind in the last quarter of 1954.

Cocoa Imports Down

Cocoa bean imports totaled only 495 million pounds last year, down from 555 million pounds in 1973 and was the lowest level since 489 million pounds in 1969. Tight supplies and high prices limited cocoa bean imports last year.

Imports of semiprocessed cocoa and chocolate products totaled 252 million pounds (BE) in 1974, down over 2 percent from the preceding year. Imports of unsweetened cocoa dropped 22 million pounds (BE); however, imports of cocoa butter increased in 1974, and imports of unsweetened chocolate were up sharply.

Consumer product imports of 18 million pounds (BE) last year, fell below the 22 million pounds in 1973. The decline came from sharply reduced imports of sweetened chocolate. Imports of sweetened cocoa and chocolate-containing confectionery increased.

Imports of cocoa beans and cocoa products (bean equivalent)

Item	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
Cocoa beans	707	632	555	495
Minus reexports	-11	-8	-20	-51
Net imports	696	624	535	444
Semiprocessed[2]				
Unsweetened chocolate	8	12	19	33
Cocoa butter	46	62	45	49
Unsweetened cocoa	129	190	189	167
Other products	4	6	5	3
Total	187	270	258	252
Consumer products[2]	21	22	22	18
Total imports	904	916	815	714

[1] Preliminary. [2] Reexports of semiprocessed and consumer products are relatively insignificant.

Source: Bureau of Census.

1974/75 Crop Matches Previous Crop

The 1974/75 world cocoa crop (October/September) is forecast at 1.46 million metric tons, about the same level as the previous crop. African production is still expected to be larger but the increase will be negated by reduced crops in South America.

World cocoa grindings in 1974 approximated 1.45 million metric tons, and could fall below 1.4 million tons in 1975. A reduced grind means that cocoa stocks will be somewhat higher by the end of the crop year.

Cocoa Prices Up Sharply

Cocoa bean prices averaged $1.02 per pound in the fourth quarter last year, down 5 cents from the third quarter. The calendar year average price of 98 cents per pound was up 34 cents from 1973 and more than triple 1972 prices. Cocoa butter prices were also sharply higher last year.

Retail prices continued to rise in the fourth quarter. The average price of a 1-ounce chocolate bar increased from a dime to 11 cents. The retail price of a 1-pound container of chocolate flavored sirup increased from 36 cents in the third quarter to 44 cents in the fourth quarter. Sharply higher cocoa prices have contributed to higher retail prices.

Outlook for 1975

Continued tight world supplies will limit use this year. Cocoa prices are likely to continue near current high levels, at least until there is some indication of the size of the 1975/76 world crop.

Imports of cocoa beans, semiprocessed products, and consumer products, as well as the cocoa bean grind, probably won't change much this year from the 1974 level. Actual levels will depend on supply availabilities and prices. Moreover, prospective high sugar prices may further discourage imports and the cocoa bean grind, so it would not be surprising for both imports and the grind to fall below the 1974 level. Thus, per capita cocoa consumption may fall further from the 3.7 pound level of 1974.

"BABY BEEF" REAPPEARS

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ABSTRACT: Retailers promoting baby beef during October, November, and December of 1974 were located mainly in the South and Southwest. Price comparisons between cuts from baby beef and heavier beef revealed lower prices for some cuts of baby beef.

KEY WORDS: Baby beef, grass-fed beef, beef, calf, young beef, light beef, price comparisons, advertisements.

A set of unusual conditions combined to create marketing problems for U.S. beef producers during the latter half of 1974. The summer drought and an unexpected short crop of feed grains raised cattle production costs significantly while cattle prices declined. Caught in a severe cost-price squeeze, beef feeders sharply curtailed placements of cattle in feedlots for finishing on large quantities of grain to yield high grade beef. The sale of the cyclically large inventory of lighter weight cattle coming off grass as leaner beef prompted retailers to promote baby beef at lower prices for consumers. Young light beef had been available in the South and Southwest until the 1960's when calf slaughter declined.

As increasing quantities of "baby" or "calf" beef were again offered in retail markets, a study was made of the advertisements for this type of beef in retail markets and the advertised price differences between cuts of beef from the leaner cattle and the heavier, more highly finished cattle usually grading "Choice". Advertisements by retail firms that accounted for more than half of the retail food sales in each of 50 major metropolitan areas were reviewed each week during October, November, and December of 1974. The number of ads mentioning baby beef, and the prices of baby beef and heavier beef featured in the advertisements were noted.[1]

Although there is no official definition for "baby beef", it is generally beef from young cattle that have been raised mainly on milk and grass. Since young cattle do not have the marbling of mature beef fed large quantities of grain, baby beef has a slightly different flavor and texture than the beef from heavier, more mature cattle.[2] Beef described as "young, lean", "light", "calf", "selected baby", and "selected young" were considered baby beef for this analysis. Other names and brands used in advertisements identified heavier beef.

Retailers promoting baby beef on a regular basis were predominantly located in the South and Southwest. Twenty-three retail firms promoted baby beef in 11 of the 16 major metropolitan areas of this region. Promotions of baby beef were heaviest and most frequent in Texas and Florida.[3] In the Western U.S., only two retailers promoted baby beef on a sporadic basis in two of the eight metropolitan areas. Sporadic promotion by four retailers in three cities in the North Central region and one retailer in two cities in the Northwest was noted. No one firm advertised baby beef in all regions.

The number of firms that promoted baby beef during the 3-month period declined during November and December. This decrease in activity occurred

[1]Information was collected using *Majers Composite Market Survey*, Majers Market Research Corporation, Omaha, Nebraska. This survey reproduces advertisements for the retail firms that collectively control more than half of the market total food dollar volume in each of 50 major metropolitan areas in the U.S.

[2]The Department of Agriculture is considering a proposal to revise grade standards and reduce the minimum amount of marbling required for cattle under 30 months of age to be classified as U.S.D.A. Choice.

[3]Cattlemen's Associations, retailers, and state Departments of Agriculture developed joint promotional activities in these states.

concurrently with heavy holiday season promotions of turkeys and ham. Market testing could account for some of the sporadic advertising.

Promotional activity may reflect several factors—existence of adequate supplies of the young, grass-fed beef; relatively higher prices for heavier beef, and attempts by retailers to test consumer acceptance. A few chains, located mainly in the Northeastern, North Central, and Western States, indicated in their ads that their supplies were limited to one or two carloads.[4]

Retailers often displayed prices for selected cuts of baby beef adjacent to prices for similar cuts of heavier beef, thus encouraging consumers to compare prices. Some retailers also included a short explanation of baby beef with hints on preparation.

[4]Since young cattle are primarily grass-fed, supplies tend to be seasonal.

Baby beef was priced lower than heavier beef, particularly for higher priced cuts. This may reveal an attempt by retailers to encourage consumers to try the product. For example, prices for chuck blade roast were not substantially lower for baby beef than for heavier beef. The price difference between baby beef and heavier beef for chuck blade roast was $.20 or less per pound. However, prices for baby beef sirloin, round, T-bone, and rib steaks were as much as $.40 to $.60 lower per pound than prices for similar cuts from heavier beef. Although advertised prices varied slightly between cities and weeks, the price differential during the entire period tended to increase for the higher priced cuts.

This interim report covers the situation for baby beef during the fall and early winter. This study will be continued through the spring months to follow trends in promotional activity and pricing of baby beef.

USDA FOOD AND NUTRITION PROGRAMS—A PROGRESS REPORT

by

Fredericka Bunting and Robert Reese[1]

ABSTRACT: Rapid expansion of the Food Stamp and other Food and Nutrition Programs of the U.S. Department of Agriculture during the 1970's has been accompanied by structural program changes resulting from higher priorities assigned to national food and nutrition goals, changes in the role of the Federal Government in attaining these objectives, and agricultural and economic conditions. Further changes will depend in part on results from an on going legislative re-examination of Federal cash and in-kind income transfer programs and alternative forms of welfare systems.

KEYWORDS: Food programs, food stamps, school lunches, child feeding, nutritionally adequate diets, food consumption, welfare, Federal expenditures.

BACKGROUND

With the Food and Nutrition Programs of the U.S. Department of Agriculture entering their fourth decade, this is an appropriate time to review their evolution, status, and outlook. Emergency distributions of surplus food during the early 1930's expanded into a family of related programs aimed at improving the nutritional status of infants, children, and low-income families. Current operations include (1) the Food Stamp Program (FSP); (2) National School Lunch (NSLP) and Breakfast Programs; (3) Special Milk Program; (4) Special Food Service Program (SFSP) for children during the summer and in daycare centers, nursery schools, camps, and other nonresidential insititutions; (5) several programs providing needy mothers, infants and children with nutritionally rich supplemental foods; and (6) Commodity Distribution Programs serving disaster victims, Indians on reservations, schools, hospital, and other institutions housing low-income persons, elderly, and other authorized food services.

In the past 10 years, the School Breakfast, Special Food, and Supplemental programs were initiated to supplement existing programs in fulfilling the nutritional and food needs of poor families. Also, major shifts were made in the primary programs which reflected changes in (1) agricultural and economic conditions, (2) higher priorities assigned to food and nutritional objectives, and (3) the Federal Government's role in achieving these goals.

Structural changes in the USDA Food and Nutrition Programs during the past decade include:

(1) Family food programs have shifted emphasis from a diet supplementation to a full nutrition concept.
(2) During 1974 the Food Stamp Program became the national approach to food assistance for families—with a few exceptions.
(3) National income and other standards for program participation replaced divergent State and local standards.
(4) Greater emphasis was given to assure that children from economically disadvantaged families have access to free or reduced-price school or other institutional food services—and the Federal Government has borne an increasing share of such costs.
(5) Foods available under the agricultural price stabilization and surplus removal programs have become limited—accelerating shifts in Federal contributions from commodities to cash grants or purchase voucher, such as food stamps.

Expanded participation and benefits, together with higher food prices, have resulted in a rapid increase in Food and Nutrition Program expenditures. (See Table 13). Presently, the Food and Nutrition Programs account for about two-thirds of the U.S. Department of Agriculture's budget.

The Food and Nutrition Programs also constitute a growing share of the total market for food. Federal contributions during fiscal year 1974 were equivalent to 3 percent of total U.S. food expenditures—up from

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Table 13.--Federal Expenditures for USDA Food and Nutrition Programs, Fiscal Year 1969-74

Program	Fiscal Year					
	1969	1970	1971	1972	1973	1974
	million dollars					
Food stamps						
Total food stamps 1/	603.4	1,090.0	2,713.3	3,308.6	3,884.0	4,724.3
Bonus stamps	228.8	549.7	1,522.7	1,797.3	2,131.4	2,714.1
Food certificate	---	.1	1.0	1.1	.9	.8
Food distribution 2/						
Needy families	223.9	281.6	308.4	298.6	241.4	189.4
Supplemental food	1.0	7.8	12.8	12.9	13.3	15.1
Schools 3/	272.1	265.8	279.2	314.8	331.0	319.4
Institutions	25.4	22.5	24.5	25.8	27.4	25.0
WIC 4/	---	---	---	---	---	11.1
Child nutrition 5/						
School lunch	203.8	300.3	532.2	738.8	882.2	1,068.3
School breakfast	5.4	10.8	19.4	24.9	34.6	55.5
Special food	1.5	7.7	20.8	37.1	44.9	62.1
Special milk	101.3	101.2	91.1	90.3	90.8	52.4
Total 6/	1,063.1	1,547.5	2,812.9	3,341.6	3,797.9	4,513.2

1/ Includes the stamps purchased by participants and bonus stamps received free.
2/ Cost of food delivered to State distribution centers.
3/ Includes commodities procured under section 6 of the National School Lunch Act and through price stabilization and surplus removal programs.
4/ Special supplemental food program for Women, Infants and Children begun January 1974.
5/ Money donated for local purchase of food. Excludes nonfood assistance.
6/ Excludes family food stamp purchases.

about 1 percent in 1969. When family purchases of food stamps and spending by children and States for school meals and milk are included, total program expenditures were equivalent to about 5 percent of total U.S. expenditures for food at home and away from home.

FOOD STAMP PROGRAM

Prior to 1970, bonus food stamps supplemented capabilities of low-income families to attain nutritionally adequate diets. Since 1970, the Food Stamp Program has been based on the concept that low-income households should be able to purchase a nutritionally adequate diet without spending more than 30 percent of their net income on food—or at no cost if they have little or no income. The difference is paid for by the Federal Government in the form of bonus food stamps.

Households of the same size received food stamp allotments of equal dollar value. Food Stamp issuance levels are adjusted upward every 6 months on the basis of the cost of the Economy Food Plan. Purchase requirements remain unchanged as a function of recipient's income. For that reason, the entire burden of food price increases faced by recipients is borne by the Federal Government. The average bonus per person has risen more rapidly than food prices due to the price adjustment and changes in the size composition and incomes of the participating families. In the past quarter (FY 1975 II), the average bonus per person was 44% above two years earlier even though stamp issuance levels had increased only 34%. Over this period prices for food at home (CPI) increased 32%, the cost of the economy food plan rose 37%.

Participants normally buy food stamps once or twice each month. Approximately 95 percent purchase their total food stamp allotment. The others use purchase options available since 1970 that allow them to buy 25, 50 or 75 percent of their total allotment.

Eligibility

Public Assistance households are automatically eligible for food stamps. Other households are eligible if they meet income, asset, and other criteria, and are willing and able to accept employment if they are not caring for children.

Income eligibility cutoffs in each household-size category, are related to cost of the Economy Food Plan (or 3.3 times the total amount of food stamps issued). Currently, a family of four persons with a net income of up to $513 per month would receive food stamps worth $154.

FSP income eligibility cutoffs currently are over 20 percent higher than the poverty income thresholds defined by the Social Security Administration. Since 1969, adjustments in poverty income thresholds have been determined by changes in the Consumer Price Index (CPI). During 1973 and 1974, increases in food prices, upon which FSP income thresholds are based, have outstripped increases in the total CPI. Thus many families defined as "near poor," as well as poor, qualify for food stamps.

Participation

In fiscal 1969, about 2.9 million persons received food stamps. After benefits were liberalized, participation rose rapidly to 11.3 million persons in December 1971, primarily reflecting expansion of existing local programs. Since October 1973, until recent months growth in participation primarily reflected localities shifting from donated commodities to food stamps (Fig. 9).

Food Cost and Food Stamp Issuance

Year and quarter	Cost of Economy Food Plan For Family of 4	Consumer Price Index Food at Home	Food Stamp Issuance For Family of 4	Average Bonus Per Person	
				Current Dollars	Constant Dollars[1]
	Dollars	*Index 1967=100*	*Dollars*	*Dollars*	*Dollars*
1972 III	$114.60	123.0	$112	$14.80	$12.07
IV	115.10	124.0	112	14.49	11.73
1973 I	121.80	130.8	112	14.55	11.16
II	128.93	137.6	112	14.50	10.53
III	137.50	146.3	116	15.29	10.40
IV	140.27	151.1	116	15.16	10.09
1974[2] I	148.37	158.0	142	19.81	12.55
II	151.80	159.8	142	19.51	12.17
III	153.67	163.0	150	20.70	12.70
IV	158.10	168.4	150	20.87	12.39
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
1974: IV Change From					
1972 IV	37.4	35.8	33.9	44.0	5.6
1973 IV	12.7	11.5	29.3	37.7	22.8

[1] Preliminary. [2] Derived by dividing average bonus per person by the CPI index for food at home.

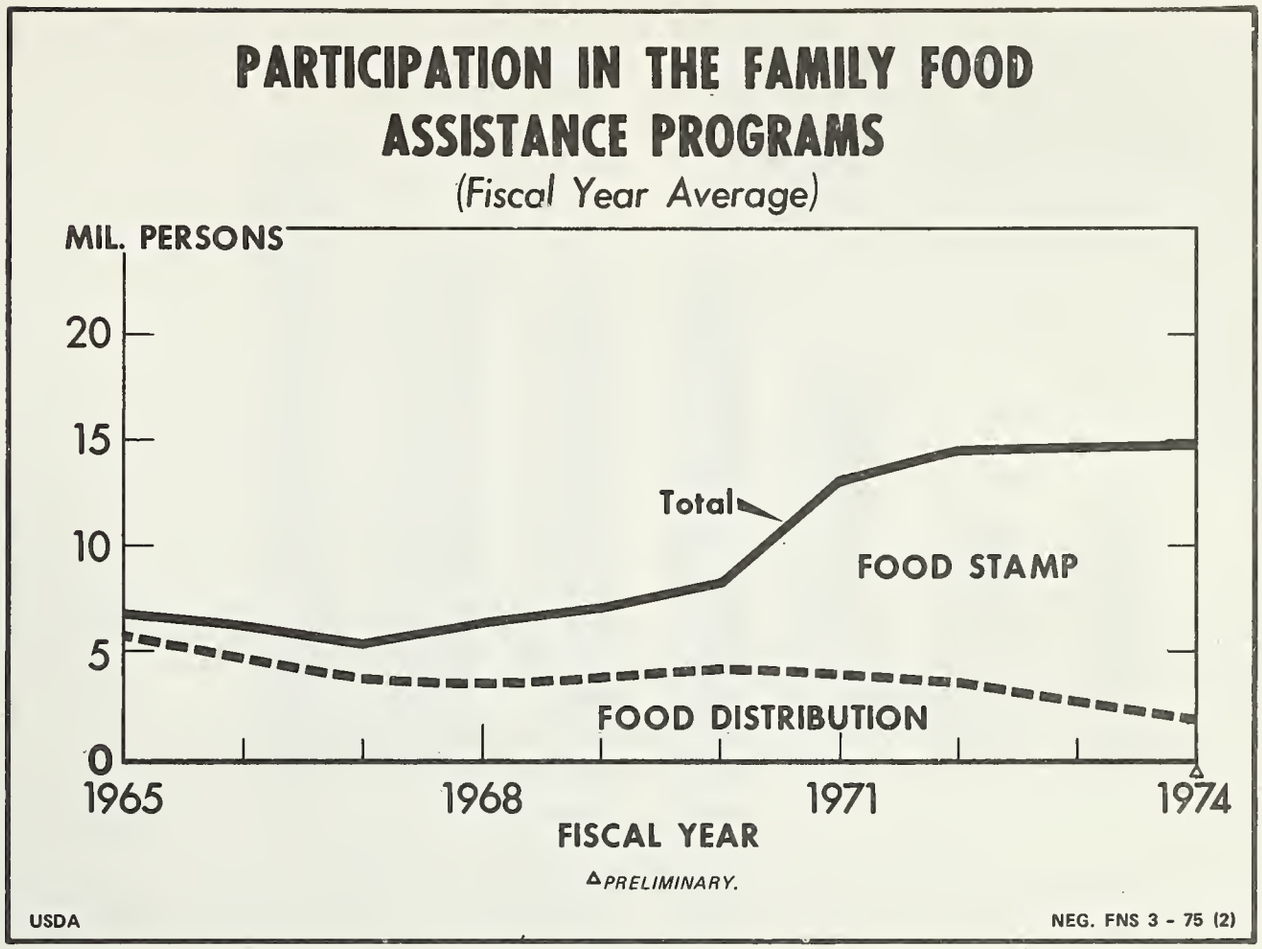

Figure 9

By June 1974, FSP participation stood at 13.5 million persons, at that time members of Public Assistance households made up about 54 percent of FSP participation, compared with 46 percent from other low-income families. Since last fall particpation resumed climbing as unemployment levels rose and more people became aware of program benefits. During December 1974, more than 17 million persons received food stamps including 1 million newly entering the program in Puerto Rico. For the first time, welfare recipients accounted for less than one-half (48 percent) of all persons obtaining food stamps.

FSP statistics based on monthly particpation data underestimate substantially the number of different persons receiving food stamps during the year. A large but undetermined number of families have temporarily fluctuating incomes, and qualify for food food stamps over short periods. Also, some families fail to buy food stamps every month for personal reasons.

Benefits

In fiscal 1974, the average per capita monthly benefit was $17.54 (Figure 10). The average family spent about 43 cents for each dollar of food stamps. Families with incomes near the maximum, however, may pay as much as 84 cents for each $1 of food stamps.

Bonus food stamps provide both food and, indirectly, income benefits to recipients, even though all food stamps are spent for food. The allocation of income and food benefits will vary by households, depending upon the amount they spend in purchasing food stamps and how much they would normally spend for food in the absence of the Program. This is illustrated by an example of a family paying $60 to receive $100 worth of food stamps.

This family usually spends $80 a month on food, an amount which increases to $100 with food stamps. The $40 in bonus food stamps provides $20 in food benefits and frees $20 in family funds which may be spent for food or other items. In contrast, if they had been spending only $60 for food, all of the $40 in bonus stamps would have been spent for food.

Recent studies have indicated that food benefits from bonus stamps are received primarily by families with low levels of food expenditures. In contrast, indirect income benefits accrue primarily to families already making food expenditures at levels which should provide them with the basis for a healthful diet. Such families are more likely to be found in the

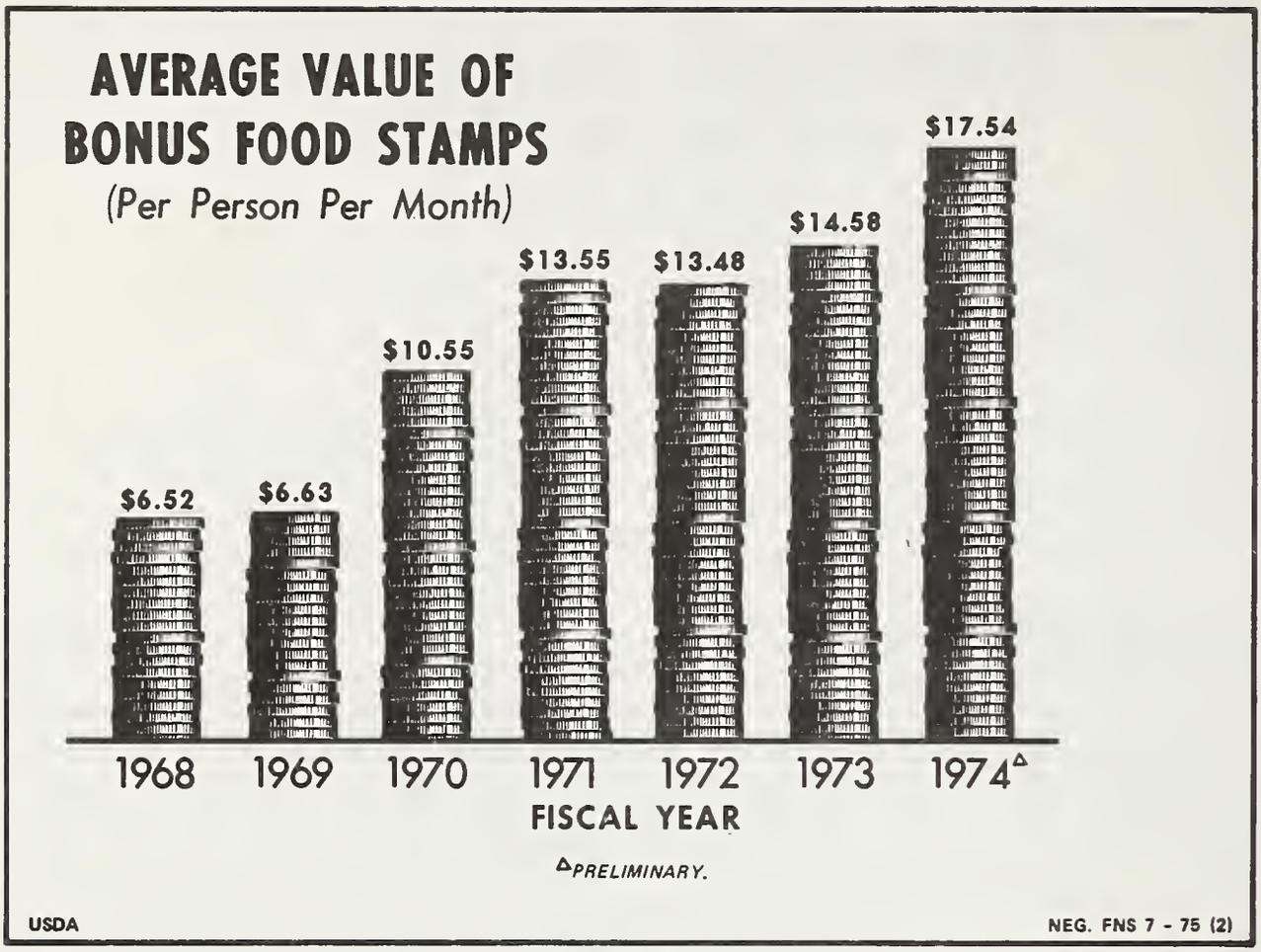

Figure 10

upper ranges of income eligibility than at very low income levels.

Program wide, at least 50 cents out of the average dollar's worth of bonus food stamps is used in expanding demand for food, while the balance is a form of discretionary income supplements. If normal income-food expenditure relationships continue, as much as 65 cents out of each bonus stamp dollar may be spent for food which otherwise would not have been purchased in the absence of the Program. Bonus food stamps appear to be twice as effective as an equivalent cash income supplement in expanding demand for food.[2]

Food Marketing Impacts

During fiscal 1974, purchases made with food stamps accounted for about 3 percent of total food expenditures and 4 percent of store-bought foods. Total food expenditures were estimated to have been from $1.1 to $1.6 billion higher than they would have been in the absence of the Food Stamp Program.

Most of the net demand expansion for food attributable to food stamps occurred during the years 1970 through 1972 when the rapid increases in bonus stamp issuance represented new food buying power and income to continuing participants and families joining the Program. This new demand subsequently has been built into the market for foods—and has been maintained by price-related adjustments in the Food Stamp issuance schedule.

The expanded issuance of bonus stamps since 1972, in contrast, has resulted primarily in maintaining food buying power of continuing participants during this period of escalating food prices and in replacing donated commodities formerly received by transferees to the Food Stamp Program. A smaller portion of the bonus food stamps than before are anticipated to have contributed to an expansion of total demand for food. New participants, however, may have been enabled to increase their food expenditures. Many poor families are now receiving bonus food stamps in amounts exceeding the value of the donated foods which they previously had been receiving.

CHILD NUTRITION PROGRAMS

Since 1969, Federal program expenditures for USDA Child Nutrition Programs have increased

[2] Rèese, Robert B., Freaster, J. Gerald and Perkins, Garey B., *Bonus Food Stamps and Cash Income Supplements. Their Effectiveness in Expanding Demand for Food, Marketing*. Res. Rept. No. 1034, Econ. Res. Serv., U.S. Dept. of Agr., Wash. D.C., Oct. 1974.

nearly threefold. Increases have arisen from several sources. There has been a major expansion in consumption of free or reduced-price meals by needy children—the costs of which are borne largely by the Federal Government. The school breakfast and non-school food programs have expanded rapidly. General program contributions per meal or half-pint of milk have been increased as a result of higher food and service costs. Under 1973 legislation, reimbursement rates per meal are adjusted semiannually based on percentage changes in the Food Away From Home Price Index published by the Bureau of Labor Statistics.

During the year ending June 1974, approximately $3.76 billion was spent, including payments from children, on meals and milk provided through the USDA Child Nutrition Programs. This amount was equivalent to about 2.4 percent of total U.S. food expenditures or 11.6 percent of total away-from-home food sales. Federal contributions in cash and commodities totaled $1.6 billion.

National School Lunch Program

The National School Lunch Program follows general guidelines in effect since the present Program was initiated in 1946. The objective of improving nutrition and health of school children is carried out through the service of school meals providing them with approximately one third of their recommended daily nutritional allowances. Children from poor families received free or reduced price lunches. The Federal Government provides cash (and NSLP purchased foods) under a matching fund formula.

During the past decade, however, major program changes have occurred as a result of efforts to maximize participation by children from low-income families. Local determinations of need for free or reduce-priced lunches have been replaced by national income standards. The Federal Government has largely taken over the cost burden involved in providing food to these children. Non-food assistance funds have helped schools in proverty areas to set up and maintain food services.

Participation

Approximately 87.2 percent of the Nation's elementary and secondary school children attend the 87,000 schools offering NSLP lunches. In 1969, about 77 percent of this population had access to these lunches. Program expansion since 1969 has been primarily associated with increased participation by children from low income families. During December 1974, 24.9 million children were served on a typical day. Of these, 9.7 million, or 39 percent, were given free or reduced-price meals (Figure 11).

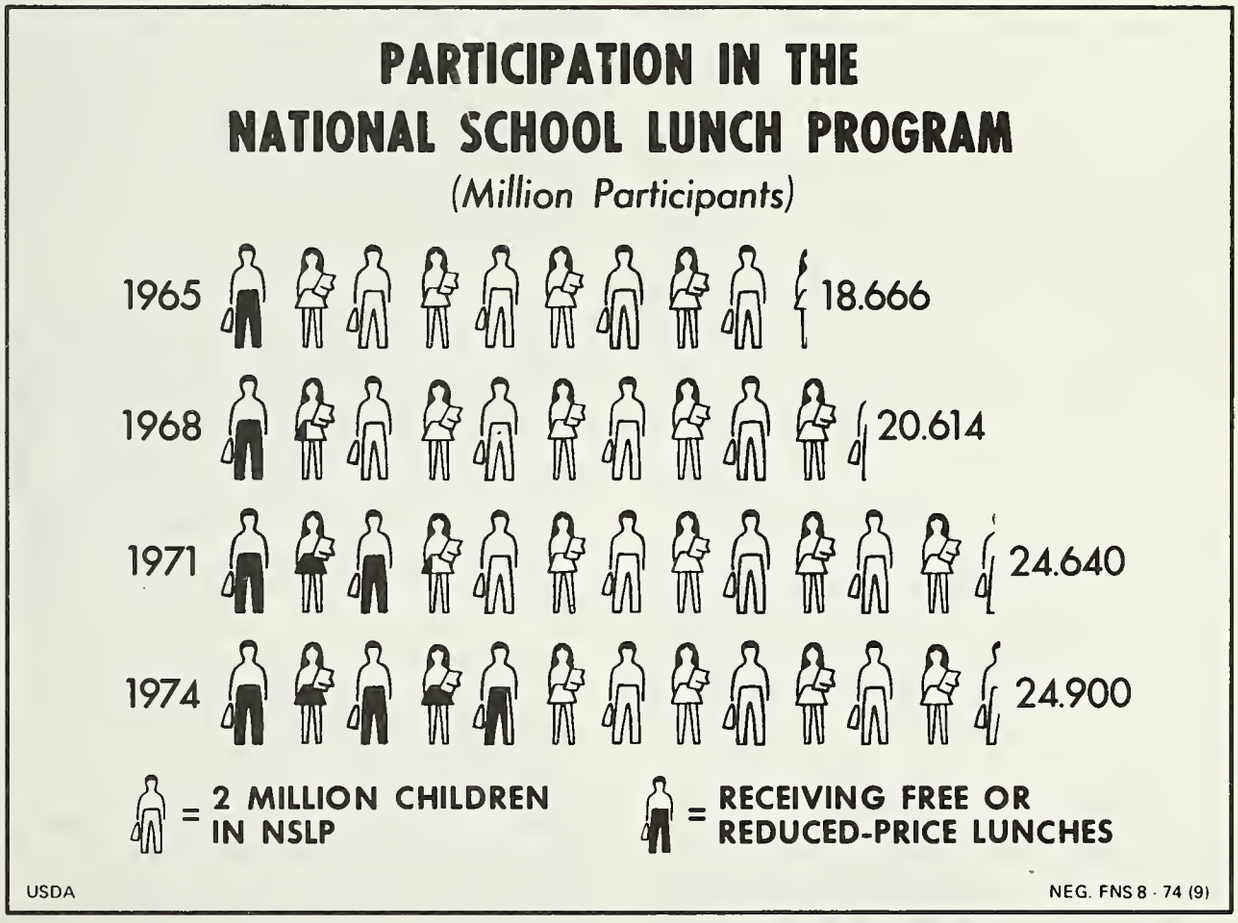

Figure 11

Eligibility for Free Or Reduced-Price Lunches

The Secretary of Agriculture issues annual income guidelines, based on changes in the CPI, for determining eligibility of children to receive free or reduced-price school lunches. For the 1974-75 school year, children in a family of four with an income of $4,510 or less qualify for free lunches. Guidelines are higher in Alaska, Hawaii, and Guam. The States are authorized to set eligibility levels for free lunches up to 125 percent of the Federal guidelines, and for reduced-price lunches up to 175 percent.

Federal Payments

General assistance under NSLP is a matching grant program based on the general concept that for each $1 received from the Federal Government, $3 will be expended by the participating States and localities—including revenues received from meal purchases by children. Federal funds spent for free and reduced-price lunches are not subject to the matching requirement. Since 1969 the average rate of Federal reimbursement on all lunches has been increased from 4.8 cents per lunch served to 11.75 cents currently.

During January-June 1975, an additional payment of 52.5 cents will be made for each free meal and 42.5 cents for each reduced price meal. The latter rate encourages schools to establish reduced-price lunch services at rates up to 20 cents.

Nonfood assistance during 1973-74 helped equip over 8,400 school food service operations. Over $26 million was spent in helping schools to enter the program or to maintain or improve their food service capability.

During the same period, about $67.4 million in NSLP funds were spent in procuring foods such as fruits, vegetables, meats and poultry which would improve the nutritional content of school lunches. This was part of the federal contribution for basic program support. An additional $251.9 million worth of commodities acquired through price support and surplus removal programs were delivered to schools.

In times of tight supplies, only a limited variety of products are available under price support and surplus removal programs. Under 1973 legislation, USDA is authorized to substitute cash for commodities in the event that the value of shipments was less than 90 percent of projected levels as of February of each year. During fiscal year 1974 $70 million was donated to schools in lieu of commodities. The substitution of cash for commodities is not necessary during fiscal year 1975 due to adequate food supplies.

School Breakfast Program

In 1968, the School Breakfast Program was made available to schools on a limited basis. It is now available to all schools. After a period of rapid growth, participation is increasing but at a slower rate. During the year ending June 1974, breakfasts were served in nearly 12,000 schools. On an average day 1.34 million children were served breakfast—over 1 million of which were served free or at reduced prices. The same income standards apply to eligibility for free or reduced-price breakfasts.

During the first 6 months in calendar 1975, Federal cash payments of 9.25 cents per breakfast will be made. Additional payments will be made of 23.25 cents for each reduced-price breakfast served. In cases of special need, highter rates were authorized.

Special Food Services

The Special Food Service Program, also initiated in 1968, supports meal services for children in daycare centers, summer camps and other nonprofit nonresidential institutions. The program primarily serves to improve diets of preschool age children year round, and children from 3 years up during the summer when school meals are not available.

During May 1974, a peak month, the Year-Round Program was offered through 8,451 outlets, with an average daily attendance of 364,962 children. In July 1974 Special Food Services were provided in 11,840 nonresidential summer camps with an average daily attendance of 1,730,000 children. Residential summer camps are not included in the program. During the year ending June 1974, over 225 million meals were served at a cost to the Federal Government of $62.1 million.

For most sponsors of Year-Round Programs as of January 1975, the maximum Federal reimbursement is 36 cents for a lunch or supper, 18 cents for a breakfast, and 12 cents for a meal supplement. Higher reimbursements may be made in cases of special need.

Special Milk Program

Since 1954, reduced-price milk has been made available to preschool and school age children under the Special Milk Program. During the year ending June 1974, participating schools and childcare centers received Federal reimbursements averaging 3.5 cents per half pint or approximately half of the average cost of the milk served under the program.

During May 1974, a peak month, "special" milk was offered to children in over 87,000 schools and nearly 2,300 childcare centers. During the year ending June 1974, nearly 1.5 billion half pints of "special" milk were served—compared with about 4 billion half pints included in the NSLP lunches.

New Legislation implemented in July 1974 made "special" milk available to all schools, nonprofit childcare centers, settlement houses, summer camps, nursery schools, or organizations participating in the Special Food Service Program. Special Milk was made available free to needy children qualifying on the same income basis used in determining eligibility

for free lunches. Other children continue to pay for milk at reduced prices.

Currently, USDA reimbursements are 5 cents per half pint for milk purchased by children. The Department pays the full cost of the milk served free—based on the average cost from all the supplies.

WOMEN, INFANTS, AND CHILDREN'S PROGRAMS

In 1969, efforts were initiated to distribute a combination of foods rich in nutrients needed by mothers, infants, and children through a Supplemental Food Program. Later a Food Certificate Program was set up in five areas which provided mothers and infants with certificates used in the purchase of infant formula, baby cereal, and milk. The two efforts were additions to the Food Distribution and Food Stamp Programs.

In January 1974, the new Supplemental Food Program for Women, Infants and Children (WIC) was initiated. Cash grants are made though the States to local health agencies conducting WIC projects. This program is focused more broadly on the nutritional needs of mothers, infants and children up to the age of 4 years. It is, in effect, a medical and health program in which nutritionally rich foods are prescribed and made available to participants from USDA inventories or through purchase orders. Different approaches are being tested and operating procedures are varied.

As of July 1974, over 121,000 mothers, infants and children in 115 localities received foods, worth an average $10.25 per person, under the Supplemental Food Program. A year earlier, about 159,000 persons in 228 areas were participating in the program. In the interim, many of these areas transferred to the new WIC program.

During the same month in 1974, over 8,000 persons received food certificates under the Food Certificate Program—a reduction of about 2,000 during the year. The average per capita value of these vouchers was $7.22.

In the rapidly expanding WIC Program, over 273,000 persons were participating in 244 areas as of November 1974. Participants included approximately 44,000 women, 83,000 infants, and over 145,000 children.

COMMODITY DISTRIBUTION

During the year ending June 1974, over $549 million was spent by the Federal Government in acquiring foods and distributing them to the States through the Food and Nutrition Programs. Schools and nonresidential institutions serving children were the primary outlets, receiving foods costing $319 million (See table 13).

As of December 1974, food distribution to low-income families was terminated in 49 States except for Indian reservations and in three counties in the State of Washington, the only localities where both family assistance programs are allowed to operate simultaneously. These programs are serving about 100,000 persons. Their continuance has been authorized until June 30, 1977. Also, more than one-half million Puerto Ricans were receiving donated commodities during fiscal 1974, under a program to be phased out by February 1975 in favor of food stamps. The trust territories have been receiving foods and will continue to do so.

Needs for continuing Federal food procurement and domestic distribution are being reexamined as a result of limitations in the numbers and types of foods qualifying for purchase under price stabilization and surplus removal programs. Possible alternatives to commodity distribution include cash payments or purchase vouchers for specific foods which would be used by schools and others in buying foods locally.

In mid-1974, a survey was conducted to compare costs of foods provided by USDA with prices paid by schools for similar items. Results indicate that large school systems and others affiliated with central food purchasing operations generally bought foods at prices approximating federal costs, but many smaller school districts purchasing independently were at a price disadvantage.

OUTLOOK

Operational changes in the USDA Food and Nutrition Programs during the past 5 years stemmed primarily from legislative and administrative actions to increase the effectiveness of programs in meeting national nutritional goals. These objectives may be described as (1) eliminating financial restraints to attainment of nutritionally adequate diets, and (2) minimizing nutritional risks to good health of children, infants, mothers and elderly persons resulting from causes essentially beyond their control.

The Food and Nutrition Programs now constitute the largest single component in the combination of cash and in-kind income transfer programs which make up the national welfare system. These programs, along with other rapidly expanding federal efforts, will be under scrutiny in the legislative and budgetary process.

With very few commodities in surplus supply, relatively limited quantities and types of foods may be available for acquisition through agricultural price stabilization and surplus removal programs. An announcement has been made, however, that commodity distribution to schools and other institutions will be continued through the year ending June 1976.

Continuing increases in food prices projected through mid-1975 will be translated through the semiannual escalators into higher issuance rates for food stamp and larger reimbursements to schools and other nonresidential institutions for children, subject to the 5% increase limit proposed by the President. Rises in the CPI and its food components also will result in proportionate increases in income eligibility for food stamps and free or reduced-price meals and milk for children. While experience during recent years has indicated that a relatively small portion of the newly eligible "near-poor" families will choose to accept food assistance, more recent experience suggests that relatively larger numbers of newly unemployed are participating.

Although substantial increases in program costs are now in process, limited expansion in demand for food may be generated. Most of the additional federal dollars will be used to offset the affects of inflation and unemployment on food purchasing power. Food stamps, in particular, may provide a floor for food expenditures above levels to which they otherwise would fall rather than generating a greatly expanded demand for food.

Table 14.--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home																		
	Meats								Fruits and vegetables									Consumer Price Index, less food	Consumer Price Index 5/
	Beef and veal	Pork	Total 2/	Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fresh	Processed	Total	Cereal and bakery products	Sugar and sweets	Beverages	Total	Food away from home	All food		
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	86.5	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1968	104.1	100.2	102.3	103.1	101.6	107.8	103.3	97.7	109.4	105.6	107.9	100.4	103.4	101.9	103.2	105.2	103.6	104.4	104.2
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	97.9	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.3	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.2	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	129.0	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
January	142.9	135.0	137.7	116.1	149.2	151.6	119.1	114.6	135.5	123.1	130.5	116.3	121.7	123.9	127.2	134.2	128.6	127.4	127.7
February	152.3	142.2	145.2	120.7	151.3	141.2	121.0	114.7	139.8	123.7	133.3	117.8	122.8	125.6	130.1	134.7	131.1	127.9	128.6
March	160.2	149.8	153.0	150.7	152.8	136.2	121.5	115.3	145.1	124.5	136.8	119.0	124.0	126.4	134.2	135.7	134.5	128.4	129.8
April	162.9	150.7	156.1	150.1	156.1	138.8	121.8	117.9	152.6	125.7	141.8	120.2	125.3	127.2	136.4	137.0	136.5	129.1	130.7
May	162.7	150.0	155.9	150.4	160.2	138.7	123.2	119.9	156.9	126.3	144.6	122.1	126.3	129.5	137.6	138.9	137.9	129.7	131.5
June	163.5	151.4	156.7	150.8	163.7	146.6	124.1	122.4	168.2	127.2	151.7	123.0	127.6	131.4	139.9	139.8	139.8	130.3	132.4
July	164.3	153.4	157.8	154.6	163.8	151.3	124.1	122.8	171.3	127.6	153.7	123.5	127.9	131.7	140.9	140.9	140.9	130.4	132.7
August	175.4	197.0	180.0	225.4	165.2	198.4	126.6	125.0	168.4	129.1	152.6	124.7	128.8	131.9	151.3	142.4	149.4	130.9	135.1
September	177.0	191.3	180.8	185.9	167.1	188.4	130.3	135.7	141.3	131.2	137.3	132.4	129.6	132.1	149.2	145.1	148.3	131.8	135.5
October	170.6	177.2	172.7	157.7	170.8	179.2	137.3	149.8	141.6	134.7	138.8	139.0	131.2	133.2	148.7	147.7	148.4	133.1	136.6
November	167.7	172.2	169.2	149.7	175.8	169.1	141.2	154.6	145.1	141.6	143.7	145.8	135.6	134.2	150.1	149.7	150.0	134.0	137.6
December	165.7	170.1	167.6	145.9	178.1	182.7	144.9	155.9	144.0	147.2	145.3	148.5	138.4	135.4	151.5	150.7	151.3	134.7	138.5
1974	168.5	161.0	164.1	146.9	187.7	160.8	151.9	195.3	162.6	170.6	165.8	166.1	195.2	155.6	162.4	159.4	161.7	143.6	147.7
January	168.6	173.5	169.9	157.0	180.4	191.0	146.3	157.4	148.5	151.5	149.7	149.7	140.3	137.3	154.3	151.6	153.7	135.6	139.7
February	181.3	174.0	176.3	154.7	182.6	194.1	149.3	163.2	154.5	158.0	155.9	154.4	149.5	139.1	159.0	152.6	157.6	136.8	141.5
March	178.4	169.0	173.1	152.0	185.2	175.8	151.5	175.8	162.3	162.8	162.5	158.6	162.0	142.0	160.6	153.7	159.1	138.4	143.1
April	170.0	158.2	164.8	147.0	186.9	160.4	153.7	185.8	159.6	168.0	163.0	161.4	169.6	145.7	159.4	155.6	158.6	139.6	143.9
May	165.8	148.8	158.7	138.7	187.1	133.2	154.6	186.5	181.8	171.6	177.7	164.3	175.9	149.3	160.4	157.1	159.7	141.3	145.5
June	163.9	141.2	154.8	135.8	187.1	128.4	153.8	188.0	190.3	172.3	183.1	165.3	184.1	153.8	160.9	158.6	160.3	142.9	146.9
July	161.0	145.9	154.0	136.2	188.2	127.8	151.6	186.8	189.2	172.6	178.7	166.7	195.1	158.1	160.6	160.4	160.5	144.4	148.0
August	169.0	158.8	162.8	140.1	187.4	146.0	150.7	196.2	162.9	176.0	168.2	168.2	203.4	163.8	163.0	161.9	162.8	146.1	149.9
September	172.9	164.8	166.7	148.1	188.6	162.2	151.1	217.3	152.7	178.2	162.9	170.4	212.1	166.5	165.5	163.1	165.0	147.8	151.7
October	166.8	164.0	163.5	147.0	190.4	172.2	151.7	223.7	151.6	178.4	162.4	174.7	226.5	169.2	166.5	164.7	166.1	149.1	153.0
November	163.7	166.8	163.0	150.9	193.6	166.2	152.7	230.7	154.7	178.7	164.3	177.6	245.2	170.2	168.3	166.2	167.8	150.4	154.3
December	160.1	167.1	161.7	154.9	194.8	172.6	155.3	231.9	149.6	178.7	161.3	181.7	279.0	172.7	170.3	167.6	169.7	151.3	155.4
	Seasonally adjusted																		
1973	145.5	137.3	140.1	118.2	149.6	136.1	119.0	---	138.7	123.0	132.6	116.5	122.1	124.3	128.0	134.3	129.2	127.6	127.9
January	151.8	142.9	145.9	122.4	151.1	135.6	120.6	---	142.7	123.7	134.9	117.7	123.0	125.6	130.4	135.0	131.4	128.2	128.8
February	158.6	147.0	151.2	149.5	152.5	135.1	121.3	---	145.4	124.6	136.9	118.9	123.8	126.4	133.7	136.1	134.2	128.5	129.9
March	160.3	150.9	154.9	147.9	155.5	142.9	121.8	---	149.5	125.4	139.8	120.0	124.9	127.1	136.0	137.1	136.1	129.1	130.7
April	162.1	152.9	156.7	149.7	159.7	149.0	123.2	---	151.2	126.6	141.3	122.0	125.8	129.2	137.5	138.9	137.8	129.6	131.4
May	163.0	153.1	156.5	148.6	163.4	165.5	124.2	---	156.2	127.6	145.0	123.2	127.5	131.3	139.5	139.9	139.5	130.2	132.3
June	161.6	151.3	155.8	150.2	164.0	160.6	124.1	---	159.2	128.0	147.2	123.5	127.9	131.4	139.5	141.0	139.9	130.5	132.5
July	172.0	192.2	177.0	221.9	165.9	202.2	126.7	---	162.9	129.2	149.6	124.6	128.8	131.8	150.1	142.3	148.4	131.2	135.0
August	176.1	187.5	179.0	183.0	167.4	177.4	130.6	---	145.8	130.9	139.7	132.3	129.6	132.4	148.8	144.8	148.0	131.9	135.5
September	171.6	174.9	172.2	157.2	171.1	174.8	137.4	---	151.3	134.6	144.9	139.0	131.3	133.2	149.7	147.3	149.1	132.8	136.6
October	171.3	173.9	171.4	154.5	176.2	172.4	141.3	---	152.9	141.3	148.3	146.1	136.0	134.3	151.6	149.3	151.2	133.7	137.7
November	171.2	175.0	171.9	152.5	178.1	172.5	145.0	---	152.4	147.1	149.6	148.8	138.7	135.8	152.4	150.5	151.9	134.5	138.5
1974																			
January	171.7	176.5	172.8	159.9	180.9	171.5	146.2	---	152.0	151.3	152.1	150.0	140.7	137.7	155.2	151.8	154.5	135.7	140.0
February	180.8	174.9	177.2	156.9	182.4	186.5	148.9	---	157.7	158.0	157.8	154.2	149.8	139.1	159.3	152.9	157.9	137.1	141.7
March	176.6	165.8	171.0	150.8	184.8	174.4	151.2	---	162.6	163.0	162.7	158.4	161.7	142.0	160.0	154.2	158.8	138.5	143.2
April	167.3	158.4	163.5	144.8	186.2	165.2	153.7	---	156.3	167.7	160.7	161.1	169.1	145.6	158.9	155.8	158.1	139.6	143.9
May	165.1	151.7	159.5	138.0	186.5	143.1	154.6	---	175.1	171.9	173.7	164.1	175.2	149.0	160.2	157.1	159.5	141.2	145.4
June	163.4	142.8	154.6	133.8	186.7	144.9	154.0	---	176.7	172.8	175.0	165.6	183.9	153.6	160.4	158.8	160.0	142.8	146.7
July	158.3	143.9	152.0	132.4	188.4	135.7	151.6	---	170.0	173.1	171.2	166.7	195.1	157.8	159.0	160.6	159.4	144.5	147.7
August	165.7	154.9	160.1	137.9	188.2	148.8	150.9	---	157.5	176.2	164.9	168.0	203.4	163.6	161.7	161.7	161.7	146.4	149.7
September	172.0	161.6	165.0	145.8	189.0	152.7	151.4	---	157.6	177.8	165.7	170.2	212.1	166.8	165.0	162.8	164.7	147.9	151.7
October	167.8	161.9	163.0	146.6	190.8	168.0	151.9	---	162.0	178.2	169.5	174.7	226.7	169.2	167.7	164.2	166.9	148.8	153.0
November	167.2	168.5	165.1	155.7	194.0	169.4	152.9	---	163.0	178.3	169.6	178.0	245.9	170.4	170.0	165.7	169.2	150.1	154.4
December	165.4	171.9	165.8	161.9	194.8	163.0	155.5	---	158.3	178.5	166.1	182.1	279.6	173.2	171.3	167.4	170.4	151.0	155.4

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/ Beef, veal, lamb and mutton, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. After December 1963 computed by Economic Research Service using data for items additional to those in the CPI. 5/ Seasonally adjusted series derived by ERS.

Bureau of Labor Statistics.

Table 15--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products			Processed foods and feeds														
				Meats														
	Eggs	Fresh and dried fruits and vegetables 2/	Total 3/	Beef and veal	Pork	Total	Poultry	Fish	Dairy	Processed fruits and vegetables 2/	Vegetable oil end products	Cereal aod bakery products	Sugar and coofec-tionery	Beverages 4/	Total 5/	All food 6/	Indus-trial commod-ities 7/	All commod-ities
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1968	111.4	106.6	102.5	104.2	98.5	102.2	105.8	108.1	104.8	106.5	98.1	100.9	102.8	102.8	102.2	103.4	102.5	102.5
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	125.9	134.7
January	158.2	151.2	144.2	145.5	145.4	143.1	135.4	174.5	123.8	125.3	119.7	121.0	121.5	119.8	132.4	132.0	120.0	124.5
February	130.1	146.9	150.9	158.5	150.6	152.4	142.5	172.0	124.0	125.9	122.2	120.8	124.4	120.0	137.0	133.9	121.3	126.9
March	152.6	158.5	160.9	168.2	156.8	163.5	169.4	174.7	126.8	126.2	127.0	121.3	125.7	120.8	141.4	140.4	122.8	129.8
April	144.9	176.0	160.6	167.5	143.8	158.7	184.7	176.6	127.2	126.6	125.6	123.7	126.9	121.4	139.8	141.6	124.2	130.5
May	137.1	186.0	170.4	166.1	147.3	158.4	177.6	180.3	126.5	127.2	131.6	124.3	129.0	121.9	145.0	142.6	125.3	133.2
June	159.4	197.5	182.3	169.5	150.8	161.9	180.1	173.6	127.5	127.9	137.4	125.9	131.0	121.4	151.8	146.0	126.0	136.0
July	155.2	187.8	173.3	171.6	160.3	165.8	184.1	186.6	127.1	127.7	137.2	125.5	131.1	121.1	146.5	146.7	126.1	134.3
August	209.6	162.2	213.3	171.6	207.7	192.1	248.5	193.6	131.3	129.3	161.6	136.2	135.7	121.2	166.2	160.2	126.7	142.1
September	191.5	149.0	200.4	181.9	175.6	181.6	215.1	203.6	137.2	130.0	160.1	147.7	136.9	121.6	156.3	156.4	127.4	139.7
October	177.7	162.1	188.4	158.5	162.3	163.7	184.8	208.9	139.6	135.0	167.6	150.5	139.8	123.0	153.1	154.1	128.5	138.7
November	181.2	168.2	184.0	150.9	162.8	159.7	155.3	222.3	139.9	136.3	164.8	156.2	143.8	123.8	151.9	153.4	130.1	139.2
December	190.6	171.6	187.2	153.1	163.1	160.3	148.8	223.1	142.3	137.8	168.7	160.1	142.0	124.4	155.7	156.0	132.2	141.8
1974																		
January	197.8	184.5	202.6	183.5	172.3	177.8	145.7	215.3	145.1	139.3	177.2	166.3	151.8	125.6	162.1	163.9	135.3	146.6
February	186.8	214.5	205.6	175.9	173.8	175.1	176.2	222.6	147.6	140.7	192.8	169.5	167.1	126.0	164.7	170.4	138.2	149.5
March	167.8	210.6	197.0	163.0	154.7	160.1	165.2	211.9	151.2	141.2	206.1	172.3	190.2	129.3	163.0	168.7	142.4	151.4
April	158.7	226.9	186.2	156.1	143.3	151.9	143.9	222.4	154.1	142.8	192.2	167.1	189.8	132.3	159.1	166.9	146.6	152.7
May	126.0	236.8	180.8	155.8	135.2	147.5	150.8	206.8	146.9	145.2	210.8	167.1	215.8	134.5	158.9	167.7	150.5	155.0
June	124.7	204.4	168.6	140.6	125.2	135.7	138.1	198.3	142.9	148.3	210.6	166.0	240.7	138.4	157.4	163.4	153.6	155.7
July	132.0	186.9	180.8	166.1	171.3	165.0	150.6	205.4	141.7	157.7	218.5	168.9	246.7	143.6	167.6	172.6	157.8	161.7
August	149.6	162.6	189.2	172.4	173.9	169.1	150.4	197.9	142.4	162.7	258.4	169.3	270.4	146.2	179.7	176.9	161.6	167.4
September	169.8	163.2	182.7	159.3	169.9	161.3	170.3	196.8	144.8	165.6	253.7	169.7	297.9	147.8	176.8	178.2	162.9	167.2
October	167.8	166.2	187.5	149.6	178.2	160.2	158.5	192.1	146.4	170.0	270.6	176.2	315.3	152.6	183.5	182.0	164.8	170.2
November	164.9	186.9	187.8	140.6	172.9	155.4	172.1	190.6	146.8	171.1	259.7	179.7	419.8	154.2	189.7	192.3	165.8	171.9
December	181.1	163.7	183.7	139.8	176.6	156.0	165.5	194.7	146.7	170.1	246.9	181.9	401.4	158.2	188.2	189.2	166.1	171.5
	Seasonally adjusted 8/																	
1973																		
January	140.4	148.2	144.6	147.2	142.9	144.3	139.7	169.4	123.8	125.3	120.3	---	121.7	---	132.4	131.7	---	---
February	133.4	143.9	148.7	153.0	144.3	147.1	139.7	168.5	124.2	126.0	122.7	---	124.5	---	135.9	133.0	---	---
March	146.9	155.7	158.1	163.4	162.5	163.5	162.5	172.9	126.3	126.7	126.6	---	125.4	---	140.4	139.2	---	---
April	156.8	171.7	160.9	163.8	152.1	159.4	188.6	176.4	126.8	126.6	125.6	---	127.0	---	140.4	142.0	---	---
May	160.7	173.8	168.4	162.3	151.2	157.7	177.7	183.6	126.5	126.9	132.8	---	129.0	---	144.7	142.7	---	---
June	174.6	179.2	177.7	164.4	148.1	157.6	177.0	176.0	127.8	127.5	138.1	---	130.7	---	151.2	145.3	---	---
July	167.2	183.0	169.7	166.6	148.7	158.7	166.0	188.5	127.2	127.6	136.9	---	130.4	---	144.6	145.0	---	---
August	216.8	171.1	213.1	170.9	200.2	188.5	243.1	196.6	131.8	129.2	161.1	---	134.8	---	165.5	159.3	---	---
September	171.9	168.9	201.6	185.5	173.3	181.6	203.3	206.0	137.8	130.9	159.1	---	136.8	---	156.0	155.6	---	---
October	186.3	176.6	193.6	167.9	162.8	168.6	190.8	213.5	139.5	135.4	166.1	---	140.4	---	155.3	156.9	---	---
November	175.8	169.7	191.3	161.5	173.5	169.7	164.9	218.4	139.8	135.6	163.3	---	144.5	---	154.2	155.7	---	---
December	162.2	175.3	190.6	157.4	168.4	166.0	170.3	221.0	141.7	137.5	170.2	---	142.4	---	157.0	157.5	---	---
1974																		
January	175.5	180.9	203.2	185.6	169.0	179.2	151.5	208.8	145.1	139.3	178.1	---	152.1	---	162.1	163.6	---	---
February	191.6	210.1	202.6	169.4	165.9	168.5	172.7	218.4	147.9	140.8	193.6	---	167.3	---	163.4	169.3	---	---
March	161.5	206.9	193.5	158.4	160.8	160.4	158.0	209.7	150.6	141.8	205.5	---	189.8	---	161.9	167.3	---	---
April	174.6	228.5	186.6	152.6	151.6	152.5	146.8	222.0	153.8	142.8	191.8	---	190.9	---	159.7	167.4	---	---
May	147.7	221.3	178.7	152.3	138.8	146.9	151.1	210.6	146.9	144.9	212.7	---	215.8	---	158.6	167.9	---	---
June	136.6	185.5	164.3	136.4	123.2	132.1	135.7	201.1	143.2	147.9	211.7	---	240.2	---	156.8	162.6	---	---
July	142.2	182.2	177.3	161.4	158.9	158.0	135.2	207.7	141.8	157.5	218.1	---	245.5	---	165.4	170.7	---	---
August	154.7	171.5	190.0	171.7	167.5	165.9	147.2	200.9	143.0	162.5	257.6	---	268.5	---	179.0	175.8	---	---
September	152.4	185.0	185.7	162.6	167.7	161.3	160.7	199.2	145.4	166.8	252.2	---	297.6	---	176.4	177.3	---	---
October	175.9	181.0	192.1	158.6	178.7	165.0	163.6	196.2	146.3	170.5	268.2	---	316.6	---	186.1	185.3	---	---
November	159.9	188.6	193.0	150.5	184.5	165.3	183.1	187.2	146.7	170.2	257.4	---	421.9	---	191.8	195.2	---	---
December	154.1	167.2	184.1	143.7	182.4	161.7	190.0	193.0	146.1	169.8	249.1	---	402.6	---	189.7	191.1	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ Io addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

Bureau of Labor Statistics.

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NATIONAL FOOD Situation

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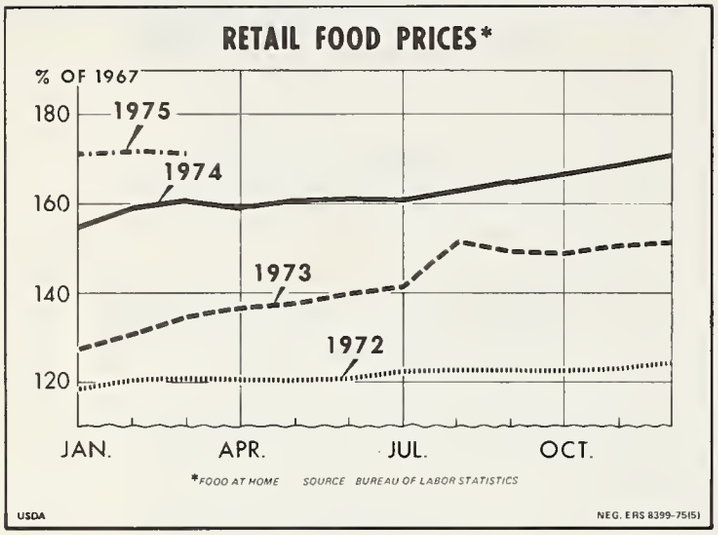

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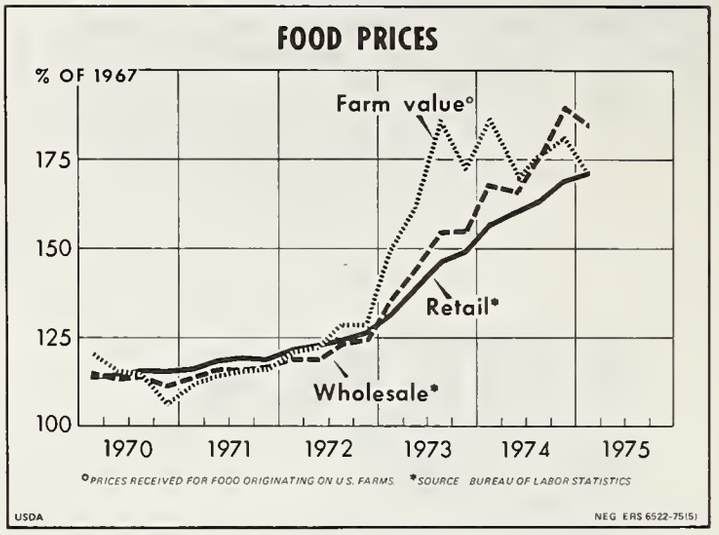

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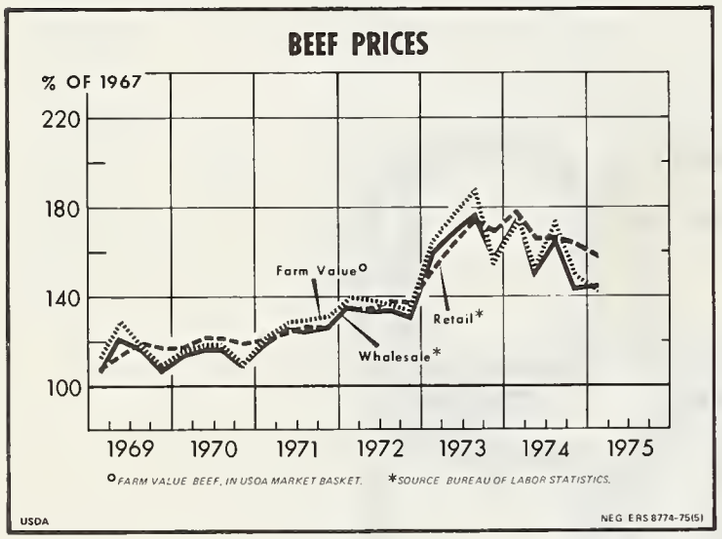

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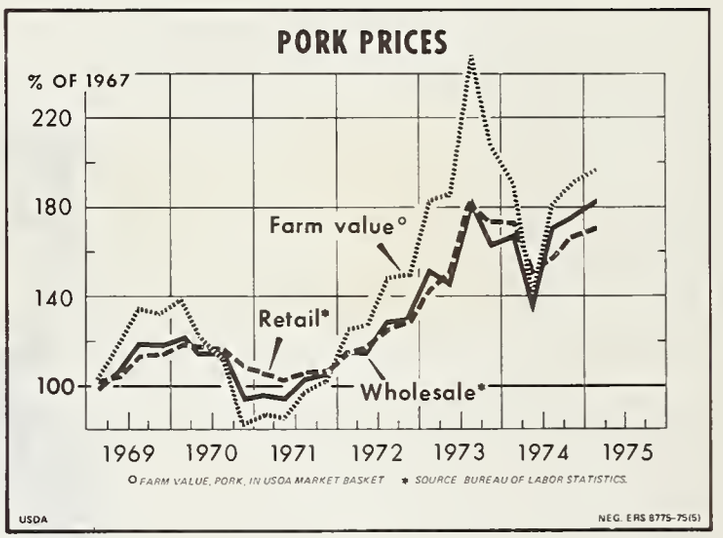

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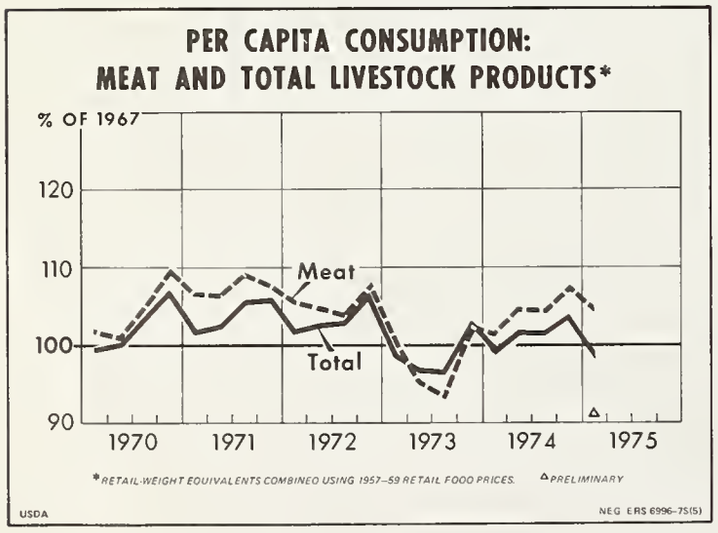

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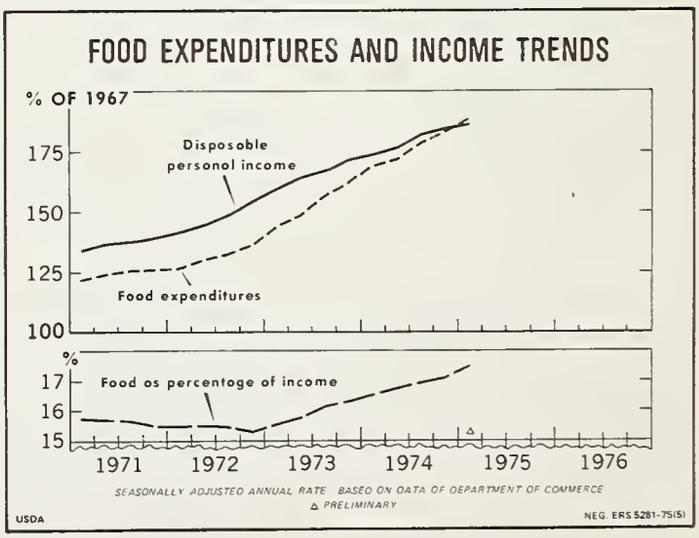

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NATIONAL FOOD SITUATION

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Approved by
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and Summary released
May 8, 1975

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SUMMARY

Retail food price increases slowed markedly during the first 2 months of 1975 and March prices registered a small decline. However, first quarter prices still averaged 2 percent above the fourth quarter of 1974 and a little over 9 percent above a year earlier.

Retail prices likely will advance further through midyear, with most of the increase coming in the late spring. But the increases are expected to be moderate compared with the past 2 years. Second quarter prices may average 1-2 percent above the first quarter, primarily reflecting rising prices for red meats. However, poultry, fish, and dairy prices are also expected to increase moderately. Little change is anticipated for average prices of crop-related foods. Small declines for some items in the sugar and sweets and cereal and bakery categories likely will offset modest increases for most other crop food classes.

As the year progresses, food prices will become more dependent upon 1975 crop conditions both in this country and abroad. Developments relating to general economic conditions, domestic and worldwide, can also be expected to impact on food prices.

Favorable weather with prospects for large crop harvests may result in a modest rise in average food prices this summer. Increases may be largely associated with animal-related foods as pork and poultry output remain well below a year earlier at the same time that cattle are held on grass longer or placed in feedlots in preparation for slaughter later in the year. However, crop-related food prices may begin to decline while the livestock industry gears up for increased output, setting the stage for some declines in average food prices later in the year. For all of 1975, food prices under these conditions would average 6-8 percent above a year earlier, primarily reflecting increases that occurred in late 1974 and early 1975.

However, poor weather resulting in U.S. crop harvests as low as those of 1974, if accompanied by strengthened domestic and export demand conditions, would likely result in an acceleration in food price increases during the second half of the year. Smaller prospective supplies and rising prices for livestock feeds might cause beef output to rise more as the record-large beef herd is trimmed by moving cattle directly to slaughter from pastures. The larger supply of grass-fed beef probably would check increases in average retail food prices through the summer months. However, further declines in the output of grain-fed beef, pork, and poultry products, along with likely price increases for a broad

range of crop-related foods, could bring sharp rises later in the year. Under these conditions retail food prices for all of 1975 could average 8-10 percent above the 1974 average, with a strong likelihood of further sharp increases in 1976.

Per capita food consumption in 1975 is likely to decline nearly 1 percent from a year earlier. Smaller supplies of pork and poultry products, along with a slight reduction in the consumption of dairy products, are likely to more than offset a larger output of beef, resulting in a drop of about 1½ percent in the consumption of all animal-related foods. While supplies of crop-related foods may be larger than a year ago, product movement apparently has been inhibited by higher prices and consumption for all of 1975 may hold near year-earlier levels.

Another year of poor harvests for grains and oilseeds in 1975 likely would result in a smaller drop in per capita food consumption than that expected with good weather. An additional increase in the slaughter of cattle and calves with limited grain feeding likely would more than offset the further decline in consumption of poultry, pork, and grain-fed beef. However, this situation would likely result in even lower food consumption the following year as a smaller beef inventory joins with sharply curtailed output for other animal-related foods.

Personal consumption expenditures for food during the first quarter rose to $177 billion (seasonally adjusted annual rate), an increase of over 3 percent from the previous quarter and up nearly 13 percent from a year earlier. Expenditures for food at home increased 3 percent with spending for restaurant meals and snacks increasing over 4 percent from the fourth quarter of 1974 to the first quarter of 1975. With food expenditures rising at a faster pace than disposable personal income, the share of income allocated to consumption expenditures for food rose to 17.4 percent in the first quarter, compared with 16.6 percent a year earlier.

FOOD PRICES

Retail food prices eased down in March, marking the first month to month decline in nearly a year and only the third decrease in over 2 years. However, the Consumer Price Index for food in the first quarter of 1975 still averaged about 2 percent above the fourth quarter of 1974 on the strength of earlier increases (table 1). Grocery store food prices were 1.9 percent higher, while prices for restaurant meals and snacks were up 2½ percent. Compared with a year earlier, the all food index was 9 percent higher with food at home up 8½ percent and food away from home up 11½ percent. Prices for nonfood items were about 12 percent higher than a year ago.

All of the quarter-to-quarter advance in prices for food at home was due to higher prices for crop-related foods. Average prices for livestock-related foods declined fractionally.

The 4-percent quarterly increase for crop related foods mainly reflected sharp increases for sugar and sweets, cereal and bakery products, and beverages. Fresh vegetables prices also rose at a rapid seasonal pace, but these increases were partially offset by a large decline for potatoes and a less than usual increase for fresh fruits. Processed fruit and vegetable prices dropped fractionally due mainly to lower prices for dried beans. The rate of increase for fats and oils and prepared foods slowed drastically from the high rates of last year.

Compared with a year earlier, total crop food product prices in the first quarter of 1975 averaged almost a fourth higher. This reflected an 80-percent increase for sugar and sweets and a 40-percent jump for fats and oils. Cereal and bakery products, nonalcoholic beverages, and other food preparations were also up sharply from a year earlier.

Average prices for livestock-related food products in the first quarter declined slightly from the previous quarter, but the decrease was less than seasonally expected. Retail beef prices fell nearly 5 percent from the previous quarter and eggs were down about half that much. Nearly offsetting were increases for pork, poultry, fish and dairy products.

Compared with the first quarter a year ago, prices for animal-related food products were 3 percent lower. Higher prices for fish and dairy products were more than offset by declines for red meats, eggs, and poultry.

Sharply lower farm prices for most foods helped hold down retail prices. The farm-retail spread was 18 percent higher than a year earlier, and rose significantly from the fourth quarter 1974.

Changes in retail food prices, first quarter, 1975

Item	From fourth quarter 1974	From first quarter 1974
	Percent	*Percent*
Meat	-1.2	-7.1
Poultry	.9	-1.6
Fish	2.0	7.7
Dairy products	1.4	4.3
Eggs	-2.5	-11.2
Fats and oils	2.5	38.9
Fruits and vegetables	2.0	6.3
Sugar and sweets	9.8	82.5
Cereal and bakery products	5.2	21.4
Beverages	3.5	26.7
Other preparations	3.1	25.6
Food at home	1.9	8.6
Food away from home	2.5	11.6
All food	2.0	9.2

Table 1.--Consumer, wholesale, and farm price indexes, 1974-75
(1967=100)

Item	1974					1975 I	
	I	II	III	IV	Year	Index	Percent change 1974-1975
							Pct.
Retail prices: 1/							
All goods and services (CPI)	141.4	145.4	149.9	154.2	147.7	157.0	11.0
All items less food	136.9	141.3	146.1	150.3	143.6	152.9	11.7
All food	156.8	159.5	162.8	167.9	161.7	171.3	9.2
Food at home	158.0	160.2	163.0	168.4	162.4	171.6	8.6
Food away from home	152.6	157.1	161.8	166.2	159.4	170.3	11.6
Wholesale prices: 1/							
All commodities	149.2	154.5	165.4	171.2	160.1	171.2	14.7
Industrial commodities	138.6	150.2	160.8	165.6	153.8	168.3	21.4
Farm products	201.7	178.5	184.2	186.3	187.7	175.1	-13.2
Processed food	163.9	161.9	177.2	189.8	173.2	186.8	14.0
All food 2/	167.7	166.0	175.9	187.8	174.4	184.8	10.2
Prices received by farmers: 3/	198	174	178	181	183	169	-14.6
Crops	215	202	210	221	212	193	-10.2
Livestock and products	187	156	156	154	163	152	-18.7
Market basket of U.S. farm foods: 4/							
Retail cost	159.2	160.2	162.0	166.3	161.9	168.8	6.0
Farm-retail spread	141.5	154.6	153.4	157.5	152.0	166.8	17.9
Farm value	187.0	169.1	176.1	180.2	177.6	172.0	-8.0

1/ Department of Labor, Bureau of Labor Statistics.
2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.
3/ Statistical Reporting Service.
4/ Economic Research Service.

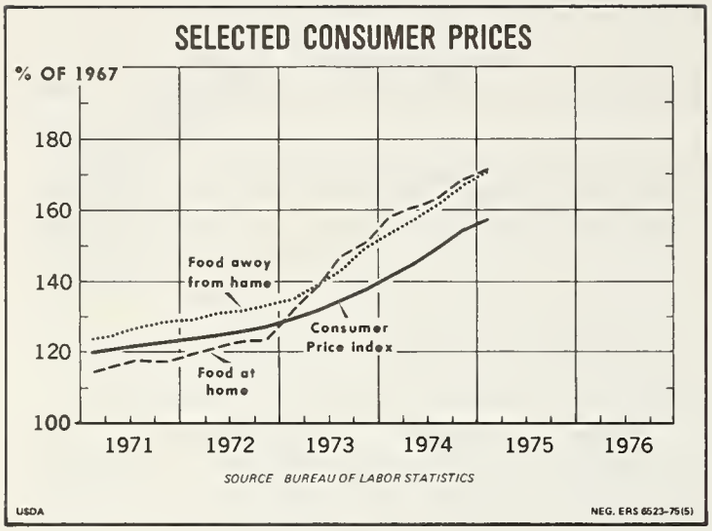

Figure 7

Commodity Retail Prices

Beef—The Consumer Price Index for beef and veal during the first quarter of 1975 averaged 4½ percent below the previous quarter and 11½ percent below a year earlier. By March, following 6 months of steady declines, the index had fallen to about the same level as in February 1973 (table 14). Continued large domestic beef production plus some increase in beef imports held beef consumption during the winter near the record-high fall level, pushing retail prices lower. Increased slaughter of cattle and calves with limited or no grain feeding more than offset smaller supplies of grainfed beef during the winter to keep total beef production large. A seasonal decline in cow slaughter and lower fed beef output appear likely to push up retail beef prices this spring, but prices may trend lower this summer and fall with increasing beef output from the record large cattle inventory.

Pork—January-March retail pork prices averaged 2½ percent above the fourth quarter of 1974, but were still about 1½ percent below the extremely high levels of the first quarter of 1974. The increase from the previous quarter reflected lower pork supplies as hog farmers trimmed inventories in response to last fall's small grain harvest and resulting higher feed prices. With smaller pork supplies through the spring and summer, retail pork prices are expected to move up sharply. However, some seasonal declines are possible this fall.

Fish—Retail fish prices averaged 7½ percent above the first quarter of 1974 and about 2 percent above the previous quarter. In March, however, the index fell fractionally as dockside and wholesale prices were adjusted downward to reduce inventories. Seafood markets have begun to firm, but remain sluggish because of relatively low meat and poultry prices and the present state of the U.S. economy.

Poultry—Retail poultry prices averaged 1½ percent below the first quarter of 1974, but rose an expected 1 percent seasonally from the fourth quarter. Output is down sharply, but price increases have been slowed by lower red meat prices and the weak economy. Prices for both chicken and turkey likely will rise seasonally this spring and summer.

Eggs—Retail egg prices averaged 11 percent below a year earlier and fell 2½ percent from the fourth quarter of 1974. Production is down sharply from a year ago, but this has been offset by declining demand. Egg prices fell as usual early this spring, but seasonal increases are likely through the summer months. Reduced output likely will cause spring and summer egg prices to average well above year-earlier levels.

Dairy—Dairy product prices averaged 4½ percent above the first quarter of 1974 and 1½ percent above the fourth quarter of 1974. Retail dairy prices may show some increases in coming months, although the rises should be quite moderate.

Farm prices of milk have shown small seasonal drops since the beginning of the year, averaging 9 percent below a year ago in April. Effective April 1, USDA raised the support purchase prices 2 cents per pound for American cheese and 1¼ cents for butter. Wholesale prices of butter and cheese reflected the increase in government purchase prices early last month and are likely to remain near present levels for the next few months.

Fats and Oils—Largely reflecting sharp increases last year, retail prices for fats and oils during the first quarter averaged about 40 percent above a year earlier, but only 2½ percent above the previous quarter. High prices apparently have discouraged use of food fat products. Wholesale prices are down from their peak last summer, reflecting declining demand both at home and abroad. Over the balance of the year, these prices will be affected by prospects for the 1975 soybean crop and developments affecting the domestic economy.

Fruits and Vegetables—Retail prices for fruits and vegetables rose 2 percent between the fourth quarter of 1974 and the first quarter of 1975, but this was a little less than the usual seasonal rise. Compared to a year earlier, first quarter prices were 6-percent higher. The year-to-year increase reflected a 13-percent boost for processed fruits and vegetables and a 12-percent advance for fresh vegetables other than potatoes. Fresh fruit was 9 percent higher. Partially offsetting was a 33-percent drop for fresh potatoes. The moderate quarter-to-quarter advance for total fruits and vegetables reflected another drop for potatoes, a fractional decline for processed fruits and vegetables, and a seasonal increase for fresh vegetables. Fresh fruit prices rose slightly.

Looking ahead, consumer prices for fresh fruits are likely to advance during the second quarter of 1975 as supplies of citrus and stored deciduous fruits decline seasonally. Fruit prices may continue to average moderately above 1974 for the rest of the year. Processed fruit and vegetable prices may be relatively stable until the size of this year's crops become more apparent. Supplies of most processed products are ample and demand has slackened. Potato prices may rise seasonally this spring and summer from their low winter

levels. Farm and retail prices for fresh vegetables likely will hold steady to slightly higher in the second quarter. Some seasonal decline is expected in third quarter 1975.

Cereal and Bakery—First quarter retail prices for this category of foods rose 5 percent from the previous quarter, and more than a fifth from a year earlier. The increase from last year stems from earlier price rises for ingredients such as flour, shortening, and sugar, along with increased processing and marketing costs. Prices of raw materials have fallen in recent months and some declines at retail are likely during the second quarter. Prices in the last half of the year will be dependent upon the supply and price conditions for food grains and sugar as well as the rate of inflation as it impacts upon marketing costs.

Sugar and Sweets—Retail sugar and sweets prices averaged 80 percent above the first quarter of 1974 and about 10 percent above the last quarter. The index peaked in January, following sharp increases for raw sugar prices during late 1974. Retail prices are expected to decline moderately for the remainder of the year, although they will remain sensitive to supply developments.

Wholesale Prices

The first quarter 1975 Wholesale Price Index (WPI) for all foods fell 1½ percent rather than rising as it usually does (table 13). Very sharp declines for sugar, animal fats and vegetable oils, and eggs offset increases for pork and fish. Fresh produce rose much less than usual. Dairy and processed vegetables were up slightly. The WPI for farm products fell 6 percent while industrial products were over 1½ percent higher.

The first quarter WPI for all foods was 10 percent above a year ago, due to sharp increases last summer and fall. Farm prices were 13 percent lower, while industrials advanced 21 percent.

Food Price Outlook

Average retail food prices likely will advance further through mid-year, with most of the increase coming in the late spring. However, advances likely will be modest compared with those of the past 2 years.

Second quarter prices may average 1-2 percent above the first quarter and about 9 percent above a year earlier. In contrast to the first 3 months of the year, price increases during the second quarter are likely to be associated with animal-related food products. Red meat prices are expected to rise most as beef output contracts to join with sharply reduced pork supplies. Smaller production relative to a year earlier will also maintain upward pressure on poultry product prices, although egg prices will be seasonally lower during the spring months. Moderate price increases are likely for fish and dairy product prices. Prices of most crop-related foods are expected to be relatively stable this spring, although fresh fruit and potato prices may rise seasonally. Some prices declines are likely for items in the sugar and sweets as well as the cereal and bakery categories if lower ingredient costs are reflected at the retail level.

As the year progresses, food prices will become more dependent on weather conditions and prospects for 1975 crop harvests, both in this country and around the world. Favorable weather and prospects for large crops and lower feed prices may add some strength to food prices this summer as cattle are held on grass longer and the cattle feeding industry gears up for increased activity later in the year. However, this would set the stage for some declines in food prices during the fourth quarter of 1975 and the first half of next year. Under these conditions, food prices for all of 1975 would average 6-8 percent above a year earlier, most of which reflects increases that occurred in late 1974 and early 1975. This would be well below the increase of over 14 percent for each of the 2 previous years.

Unfavorable weather with crop harvests similar to those occurring in 1974, especially if accompanied by strong export demand for grains and oilseeds, likely would result in increased cattle slaughter and relatively stable average food prices during the summer. However, further decreases in the output of pork and poultry products, along with likely price increases for a broad range of crop-related foods, would probably result in an acceleration in food price increases later in the year. Retail food prices for all of 1975 under these conditions would average 8-10 percent above a year earlier and the stage would be set for even sharper increases in the following year.

FOOD SPENDING AND INCOME

Preliminary data indicate that total personal consumption expenditures for food rose during the first quarter to $177 billion (seasonally adjusted annual rate), an increase of a little over 3 percent or $5½ billion. Expenditures for food at home increased $4 billion, nearly a 3 percent increase, while restaurant meals and snacks increased $1½ billion or 4 percent during the quarter.

About half of the quarterly increase in food expenditures was due to increased prices. Total consumption expenditures for food measured in 1958 dollars increased 1.7 percent during the quarter after declining by nearly the same amount during the previous quarter. Price adjusted expenditures for food at home rose 1.8 percent, while expenditures for restaurant meals and snacks rose 1.2 percent.

The rate of growth in food expenditures continues to decline as price increases become more moderate. Compared with a year earlier, total food expenditures in the first quarter of 1975 were up 12.6 percent. Expenditures for food eaten away from home rose at a record rate during the past year with the first quarter

Table 2.--Expenditures for food in relation to disposable income, 1960 and 1965-75 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.4	91.6	12.3	25.2	3.4	116.8	15.7
1972	802.5	96.3	12.0	27.1	3.4	123.4	15.4
I	774.7	92.9	12.0	26.4	3.4	119.3	15.4
II	790.0	95.4	12.1	26.7	3.4	122.1	15.5
III	807.2	97.3	12.0	27.1	3.4	124.4	15.4
IV	838.1	99.7	11.9	28.2	3.4	127.9	15.3
1973	903.7	112.8	12.5	30.8	3.4	143.6	15.9
I	869.5	105.2	12.1	29.5	3.4	134.7	15.5
II	892.1	109.9	12.3	29.8	3.4	139.7	15.7
III	913.9	116.7	12.8	31.0	3.4	147.7	16.2
IV	939.4	119.6	12.7	32.8	3.5	152.4	16.2
1974	979.7	130.4	13.3	34.1	3.5	164.5	16.8
I	950.6	125.0	13.2	32.5	3.4	157.5	16.6
II	966.5	127.1	13.1	33.7	3.5	160.8	16.6
III	993.1	133.5	13.5	34.1	3.4	167.6	16.9
IV	1008.8	135.8	13.5	36.1	3.6	171.9	17.1
1975							
I 5/	1017.4	139.8	13.7	37.6	3.7	177.4	17.4

1/Quarterly data are seasonally adjusted annual rates. 2/Based on unpublished data of the Department of Commerce, and the Survey of Current Business and the National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/Includes food consumed on farms where produced. 4/Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/Preliminary.

Change in food expenditures, first quarter, 1975[1]
(Seasonally adjusted)

Item	From fourth quarter 1974	From first quarter 1974
	Percent	*Percent*
Total food		
Current dollars	3.2	12.6
1958 dollars	1.7	3.2
Food at home		
Current dollars	2.9	11.9
1958 dollars	1.8	3.1
Food away from home		
Current dollars	4.2	15.5
1958 dollars	1.2	3.5

[1] Preliminary.

value 15.5 percent above the same quarter last year. However, the 12 percent increase in expenditures for food at home was significantly less than the nearly 19 percent annual increase measured a year ago.

Most of the annual increase in food expenditures resulted from higher prices. Total expenditures for food in the first quarter, measured in 1958 prices, rose 3.2 percent above the first quarter of last year. This was the largest annual increase in 2 years. Price-adjusted expenditures for food eaten away from home were up 3.5 percent, while food-at-home expenditures were 3.1 percent higher, the largest annual increase since the second quarter of 1971.

All major categories of personal consumption expenditures increased during the first quarter, resulting in a 2.3-percent rise in total expenditures relative to the previous quarter. Durable goods showed the greatest increase, due primarily to a 7½ percent boost in automobiles and parts expenditures. Larger housing expenditures caused much of the 2-percent increase in consumer expenditures for services. Among nondurable goods, food expenditures showed the greatest increase. With food expenditures rising at a faster pace than disposable personal income, the fraction of disposable income allocated to consumption expenditures for food rose to 17.4 percent, its highest level since 1967 (table 2).

Consumption expenditures and personal disposable income: Changes from previous quarter
(Seasonally adjusted)

Item	1974			1975
	II	III	IV	I[1]
	Percent	*Percent*	*Percent*	*Percent*
Personal consumption expenditures	3.4	3.7	-.6	2.3
Durables	4.5	5.1	-11.3	4.0
Nondurables	3.1	3.5	.6	1.9
Food	2.1	4.2	2.6	3.2
Other	3.9	3.0	-.7	1.0
Services	3.2	3.4	1.9	2.1
Personal Disposable income	1.7	2.8	1.6	.9

[1] Preliminary.

Disposition of Personal Consumption Expenditures

Despite first quarter increases in automobile sales, consumers on average allocated a smaller proportion of consumption expenditures to automobile purchases than during the first quarter of 1974. The proportion allocated to furniture and household equipment also slipped, resulting in an overall decline in the proportion of consumption expenditures allocated to durable goods Increases in the proportion of consumption expenditures for food and gasoline and oil offset declines in the percent allocated to purchases of clothing and shoes. As a result, the proportion of nondurable goods rose fractionally above last year's levels. All major types of service expenditures increased relative to the same period a year ago.

Proportion of total consumer expenditures

Item	First quarter	
	1974	1975[1]
	Percent	*Percent*
Food, excluding alcoholic beverages	18.7	19.4
Nondurables excluding food	24.7	24.2
Clothing and shoes	8.7	8.3
Gas and oil	3.7	4.2
Other	12.3	11.7
Durables	14.7	13.7
Automobiles and parts	5.7	5.1
Other	9.0	8.6
Services	41.9	42.7
Housing	14.5	14.6
Household operation	5.8	6.2
Transportation	3.0	3.1
Other	18.6	18.8

[1] Preliminary.

Family Food Programs

Rising unemployment, the shift from the Food Distribution Program in Puerto Rico, and greater public awareness of the program underlie the greatly expanded participation in the Food Stamp Program during the past 9 months. Participation in the Food Distribution Program, which stood at nearly 800,000 in July 1974 is now down to 88,000. Those remaining on the program are principally located on Indian reservations or the Trust Territory. During the same 9-month period participation in the Food Stamp Program rose by over 5 million from 14 million participants to over 19 million participants. This is equivalent to about 9 percent of the U.S. population. About 1.4 million of this increase occurred in Puerto Rico where the program was initiated during July-November 1974. Most of the remaining

Table 3.--Federal cost of USDA food programs, 1971-75

Year	Food stamps		Food distribution 2/			Child nutrition 5/				WIC 6/	Total 7/
	Total issued	Bonus stamps 1/	Needy families	Schools 3/	Other 4/	School lunch	School breakfast	Special food	Special milk		
	Million dollars										
1971	3,103	1,699	318	297	40	645	22	34	92	--	3,146
I	738	412	85	110	10	186	7	3	30	--	843
II	774	420	82	36	11	169	15	6	23	--	753
III	777	423	76	43	9	72	2	21	11	--	658
IV	815	443	75	108	9	218	7	4	28	--	892
1972	3,615	1,980	271	283	40	764	28	44	91	--	3,501
I	846	460	76	120	9	252	8	4	30	--	960
II	873	472	72	44	11	195	7	8	22	--	830
III	938	524	65	40	9	91	3	27	12	--	771
IV	960	525	58	79	10	227	10	4	28	--	940
1973	4,052	2,210	217	267	42	957	41	52	66	--	3,852
I	999	546	59	91	10	297	12	5	30	--	1,051
II	992	537	52	51	11	230	9	9	23	--	922
III	1,009	555	59	33	10	112	5	33	1	--	807
IV	1,052	572	47	92	11	317	15	5	12	--	1,071
1974	5,793	3,484	114	390	37	1,154	67	89	91	32	5,460
I	1,314	792	47	129	9	365	19	9	22	1	1,393
II	1,349	795	37	65	10	274	16	16	17	6	1,237
III	1,478	886	17	63	7	139	8	53	15	10	1,199
IV	1,674	1,011	13	133	10	376	24	12	37	15	1,632
1975 I 8/	1,998	1,221	18	163	10	422	27	13	39	18	1,931

1/ Includes Food Certificate Program.
2/ Cost of food delivered to State distribution centers.
3/ Includes Special Food Services.
4/ Includes supplemental food, institutions.
5/ Money donated for local purchase of food. Excludes nonfood assistance.
6/ Special Supplemental Food Program for Women, Infants, and Children begun January 1974.
7/ Excludes those food stamps paid for by the recipient.
8/ Preliminary.

increase especially in recent months, has occurred among nonpublic assistance participants. Participation of nonpublic assistance families has increased nearly 62 percent since July 1974, compared with a 16-percent increase in participation of public assistance recipients who are automatically eligible. As a result, nonpublic assistance participants now account for over half of those participating in the program.

During the first quarter the value of bonus stamps issued totaled $1.2 billion (table 3). This represents a 38-percent increase over the total issued during the third quarter 1974. This gain is due primarily to greater participation and a 3-percent increase in the value of bonus coupons which became effective in January 1975.

Child Nutrition

During the first 3 months of 1975, slightly more than 25 million children participated in the School Lunch Program, an increase of approximately 500,000 over the same 3 month period a year earlier. Participation in the School Breakfast Program has also risen above the same period a year ago as more schools enter the program. Breakfast is now served at 13,713 schools, an increase of over 2,000 schools since a year ago. The number of schools serving breakfast remains only a small proportion of the 88,419 schools serving lunch.

Cash donated to schools for food purchases totaled $501.3 million during the first three months of 1975, a 20 percent increase over year earlier donations. At the same time, the value of food distributed rose 26 percent to $162.9 million.

The total Federal expenditure on food through the various domestic USDA food programs totaled $1.9 billion during the first 3 months of 1975, nearly 40 percent more than a year earlier. This expenditure was equal to nearly 4½ percent of personal consumption expenditures for food.

PER CAPITA FOOD CONSUMPTION

Per capita food consumption will likely drop almost 1 percent in 1975, reaching the lowest level in 6 years. A sharp reduction in the consumption of livestock-related food products, reflecting lower output in response to higher feed costs, will account for all of the decline. Per capita consumption of crop-related foods will about match 1974's reduced level.

Downward revisions in consumption estimates for 1974 for processed vegetables, cereal products and coffee lowered per capita food consumption for that year about ½ percent from preliminary estimates. Last year per capita food consumption rose ½ percent above 1973, with a 2.2 percent increase for livestock-related foods more than offsetting a less than 2 percent drop for crop-related foods (table 4).

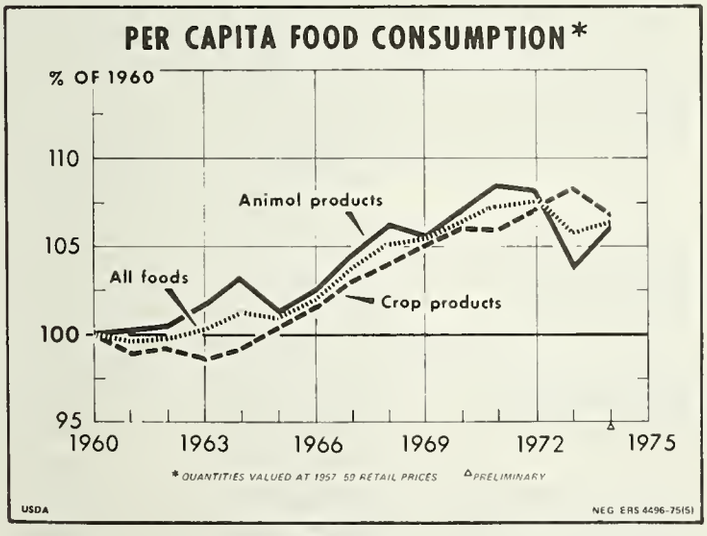

Figure 8

Based on preliminary estimates, consumption of livestock-related foods during January-March 1975 was about the same as a year earlier (table 5). Much higher consumption of beef and veal offset cutbacks in pork, poultry, eggs, dairy products, and animal fats. During the remainder of the year, consumption of livestock-related products is expected to run below year-earlier levels. In the red meat category, sharply lower consumption of pork will more than offset higher consumption of beef. Poultry, egg, and dairy consumption will be running below year-earlier levels through spring and summer, but are expected to recover some this fall. Animal fat consumption will be below 1974.

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock	Meat
		1967=100	
1973	I	100.8	100.7
	II	98.0	97.2
	III	96.3	93.2
	IV	100.1	100.5
1974	I	100.8	101.4
	II	102.4	106.7
	III	100.9	104.2
	IV	100.9	105.5
1975	I	100.6	104.4

Commodity Reviews:

Meat—Red meat consumption in 1975 is expected to drop about 1 percent from last year. January-March red meat consumption totaled about 47 pounds per person, down seasonally about a pound per person from October-December but still nearly 1 pound more than a year ago. Increases from last year in beef and veal consumption have more than offset declines for pork, lamb, and mutton. Continued large domestic beef production plus some increases in beef imports during

Table 4.--Per capita food consumption index, 1967-74 1/
(1967 = 100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	122	109	94	105	100
1973	98	109	117	91	100	78	129	111	93	111	102
1974 4/	104	110	111	89	98	76	122	106	99	108	104

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	108	102	89	123	98	108	98	103.6	104.1	103.8
1973	100	113	104	82	126	98	109	96	99.4	105.5	102.1
1974 4/	99	108	102	84	126	96	108	90	101.6	103.7	102.5

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

January-March held consumption during the winter at a record high 30 pounds per person, about the same as in the fall quarter but up about 2 pounds from a year earlier. Supplies of beef with little or no grain feeding more than offset smaller output of grain-fed beef during the winter to keep total production large. Pork supplies, however, trended lower this winter as farmers trimmed production in response to high feed prices during the past year. Pork consumption during January-March dipped about 1½ pounds per person from fall and year-earlier levels, to about 15 pounds per person.

While beef consumption will remain large in the months ahead, some decline from the higher winter level is likely in the spring. A seasonal drop in cow slaughter and further cuts in fed beef output will reduce availability during April-June by 1-2 pounds per person from the January-March level. Smaller pork supplies, reflecting reduced pig crops, will also mean declines in pork consumption. Red meat consumption in April-June may total 45-46 pounds, 1-2 pounds per person below winter and year-ago levels.

Total red meat consumption in 1975 likely will dip slightly from the 187 pounds per person consumed in 1974 (table 6). Record beef consumption expected this year plus some increase in veal consumption probably will not completely offset reductions in pork and lamb and mutton consumption. If hog farmers carry out earlier plans to reduce hog production this year, pork consumption could be down 7-9 pounds per person from 1974, to 56-58 pounds, the smallest in 40 years.

Poultry—Poultry consumption increased about ½ pound per person in 1974, but likely will drop sharply in 1975 because of reduced broiler and turkey production. Preliminary estimates indicate per capita consumption was down about 8 percent from a year earlier in the first quarter of 1975. Consumption is expected to continue to lag year-earlier levels during much of 1975.

Broiler output during the first quarter of 1975 was about 6 percent below January-March 1974. Chick placements and egg settings indicate spring marketings may be down around 6 percent from a year ago. However, if the outlook remains favorable for large 1975 feed grain crops, producers are expected to gradually expand output. Production may reach or exceed the reduced 1974 levels by fall.

Turkey meat production in 1974 was down 1 percent from the previous year. Output dropped sharply in late 1974, more than offsetting gains earlier in the year, and has continued lower in 1975. Turkey output during the first quarter of 1975 was 23 percent below a year earlier. The number of poults produced in recent months indicate that turkey marketings will stay well below a year earlier at least through the summer.

Turkey meat consumption in 1974 was up 0.3 pounds to 9.0 pounds per person. Consumption during January-March trailed year-earlier levels and likely will stay lower at least through the summer.

Fish—Per capita fish consumption in 1975 is expected to about equal last year's figure of 12 pounds. In 1974, per capita consumption of fish fell sharply as fish prices remained high relative to competing protein products. As a result, inventories rose during 1974. Reduced imports for many fishery items in recent months have reduced quantities in storage below a year earlier. However, demand remains sluggish because of the economic slowdown and lower prices for red meats and poultry.

Eggs—Egg production in 1974 was about 1 percent below the previous year. Production during January-March was down 4 percent from the same months of 1974 and likely will decline further in coming months. On April 1 the laying flock was down 5 percent from April 1, 1974, and the lowest on record for this date.

Consumption of eggs in 1974 declined 8 eggs to 286 eggs per person. All of the decline was in shell egg use—down 10 to 252. Lower available supplies in coming months will result in another sharp drop in egg use during 1975.

Dairy—Per capita consumption of dairy products in 1975 is expected to decline about 1.4 percent.

Milk production was slightly above year-earlier levels in March. Farmers have cut back grain and concentrate feeding, thus limiting gains in output per cow. However, gains were sufficient to barely offset the relatively small drop in milk cow numbers.

For all of 1975, milk production is likely to total around a billion pounds above 1974's 115.4 billion pounds. Per capita civilian milk consumption may drop slightly this year, but probably less than 1974's 2 percent decline to 543 pounds. But USDA donations, which were down appreciably in 1974, could run higher this year.

The decline in milk cow numbers continues at less than 1 percent, the lowest rate since the mid-1950's. Low slaughter cow prices likely will discourage herd culling throughout 1975, and the continued lack of off-farm employment opportunities will limit dairy farmers' economic alternatives. Coupled with large numbers of herd replacements on hand, this could result in relatively small reductions in milk cow numbers for 1975.

In early 1975 milk continued to be diverted from American cheese to butter and nonfat dry milk. Butter output was up a fourth in the first quarter and almost 40 percent more nonfat dry milk was being produced. At the same time, a fifth less milk was moving into American Cheese.

Commercial disappearance of milk in all dairy products during the first quarter dropped below a year ago, but was above the same months of 1973. Cheese sales have tapered off and nonfat dry milk use stays weak. However, favorable price relationships have consumers eating more butter and fluid milk sales are recovering. We could see some growth in total dariy product sales this summer with rather stable retail dairy prices expected. However, demand could be weakened by the economic recession with its high unemployment rates and lower consumer purchasing power.

Table 5.--Livestock products: Per capita consumption indexes, quarterly, 1969-75 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy products: Excluding butter	Dairy products: Including butter	Animal fats: including butter	Total livestock products 2/
1969 I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.7	99.2	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	100.6	99.7	82.4	102.5
IV	107.5	131.7	94.3	100.2	99.7	85.6	106.1
1973 I	100.9	95.6	91.4	100.4	99.9	85.2	99.0
II	95.3	102.5	91.4	101.0	100.0	77.2	96.9
III	93.3	111.4	88.5	100.6	99.6	79.1	96.6
IV	102.2	127.6	91.4	100.4	99.5	78.5	102.7
1974 I	101.6	100.0	90.5	98.8	98.0	78.2	99.0
II	104.6	109.7	88.6	99.1	97.7	74.0	101.3
III	104.3	111.2	87.6	99.1	97.7	73.3	101.2
IV	107.3	121.0	87.6	97.7	97.0	83.0	103.5
1975 I	104.6	91.2	85.6	98.0	96.7	75.0	98.8

1/Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973.

2/Excludes fish and honey.

3/Preliminary

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1972	1973	1974	1974 indications as percentage of 1973
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight):	160.9	178.3	189.0	175.7	187.3	107
Beef	85.1	106.5	116.1	109.6	116.3	106
Veal	6.1	3.8	2.2	1.8	2.3	128
Lamb and mutton	4.8	3.9	3.3	2.7	2.4	89
Pork (excluding lard)	64.9	64.1	67.4	61.6	66.3	108
Fish (edible weight)	10.3	10.6	12.4	12.7	12.0	94
Poultry products:						
Eggs (farm basis)--Number	334	320	307	294	286	97
Chicken (ready-to-cook)	28.0	37.2	43.0	41.5	41.7	100
Turkey (ready-to-cook)	6.1	8.6	9.1	8.7	9.0	103
Dairy products:						
Cheese	8.3	10.1	13.2	13.7	14.5	106
Condensed and evaporated milk	13.7	9.0	6.4	6.0	5.3	88
Fluid milk and cream (milk equivalent)	322	285	263	257	244	95
Ice cream (product weight)	18.3	17.8	17.4	17.5	17.6	101
Fats and Oils--Total, fat content	45.3	49.4	53.3	54.0	52.5	97
Butter (actual weight)	7.5	5.5	4.9	4.8	4.5	94
Margarine (actual weight)	9.4	10.5	11.3	11.3	11.3	100
Lard	7.6	5.4	3.8	3.4	3.2	94
Shortening	12.6	15.9	17.7	17.3	16.5	95
Other edible fats and oils	11.5	15.2	19.6	21.3	20.2	95
Fruits:						
Fresh:	93.4	81.0	77.0	75.6	80.0	106
Citrus	33.7	31.6	27.2	27.3	28.8	105
Apples (commercial)	18.3	16.2	17.4	14.5	15.7	108
Other (excluding melons)	41.4	33.2	32.4	33.8	35.5	105
Processed:						
Canned fruit	22.6	22.6	21.4	21.3	19.4	91
Canned juice	13.0	11.7	15.5	16.3	14.6	90
Frozen (including juices)	9.1	10.1	10.1	11.2	11.9	106
Dried	3.1	2.8	2.1	2.8	3.0	107
Vegetables:						
Fresh 2/	105.9	98.2	98.3	99.9	100.4	100
Canned, excluding potatoes & sweetpotatoes	43.4	49.0	52.2	54.3	52.3	96
Frozen, excluding potatoes	7.0	9.0	10.0	10.7	10.1	94
Potatoes, fresh equivalent	108.4	108.0	119.3	116.5	117.5	101
Sweetpotatoes, fresh equivalent	7.1	5.8	5.1	5.1	5.5	108
Grains:						
Cornmeal and flour	6.6	7.2	7.4	7.5	7.6	101
Corn sirup	10.1	14.1	18.7	21.7	23.0	106
Corn sugar	3.7	4.6	4.8	5.2	5.3	102
Wheat flour 3/	118	112	109	109	106	97
Wheat cereals	2.8	2.9	2.9	2.9	2.9	100
Rice, milled	6.1	7.5	7.0	7.0	7.3	104
Other:						
Coffee (Green beans)	15.8	14.8	13.9	13.7	12.8	93
Tea	.59	.69	.77	.79	.80	101
Cocoa beans	3.6	4.2	4.4	4.2	3.7	88
Peanuts (shelled)	4.9	5.7	6.2	6.6	6.4	97
Dry edible beans	7.3	6.9	6.4	6.5	6.9	106
Melons	25.8	22.3	21.9	21.8	19.1	88
Sugar (refined)	97.6	97.3	103.0	102.1	97.0	95
	Mil.	Mil.	Mil.	Mil.	Mil.	
Civilian population 4/	178.1	195.2	206.5	208.1	209.7	101

1/Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August. 2/Commercial production for sale as fresh produce. 3/Includes white, whole wheat, and semolina flour. 4/July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

Commercial dairy product stocks on April 1 came to 5.0 billion pounds milk equivalent. Although down 7 percent from a year ago, commercial holdings were still the second highest on record. Stocks of American cheese in commercial hands have been dropping seasonally but were still a record high for April 1. Nonfat dry milk stocks have been building substantially. Government stocks of butter and cheese are still relatively small, but uncommitted stocks of nonfat dry milk have risen sharply, reaching 273 million pounds by May 1.

Dairy imports have continued at normal rates in recent months. First quarter imports were 0.3 billion pounds (milk equivalent), down from 1.4 billion a year ago when the Cheddar cheese import quota was temporarily increased. Exports of most dairy products remain small, but sizable quantities of CCC-owned nonfat dry milk have been programmed for export under foreign aid programs.

USDA removals of dairy products under the dairy support programs were heavy early in 1975. Purchases of butter, cheese, and nonfat dry milk are all likely to remain sizable through this summer.

Fat and Oils—Per capita disappearance of food fats and oils in calendar 1975 is expected to drop around 3 pounds from the 52.5 pounds of 1974. Although butter use may be up a little, sharp declines are expected for cooking and salad oils and shortening, with possibly smaller declines for margarine, and lard. The recession, and its impact upon employment and consumer spending, has curtailed consumption. Also, high prices for food fat products have discouraged use.

Peanut consumption also is down, despite record supplies. So far, use of peanuts in edible products is averaging more than a tenth below last year's heavy rate. Use is down in major categories such as peanut candy, salted peanuts, and peanut butter. Historically, edible peanut use increased at about 2-3 percent per year. However, last season it was up sharply, due mainly to short supplies and high prices of many other protein foods. Total edible use of peanuts for the 1974/75 season is estimated at about 1.7 billion pounds (farmers' stock basis), down some from 1973/74.

Fruit—Total per capita fruit consumption appears likely to rise again in 1975, possibly reaching the highest level since the 1950's. Per capita use of processed items is expected to increase this year resuming the upward trend of other recent years after dropping in 1974. Consumption of fresh fruit is expected to rise further this year, following a sharp increase in 1974, and may reach the highest level in 5 years.

Fruit supplies for the remainder of the 1974/75 season are expected to total substantially above a year earlier. A record U.S. citrus crop of 14.6 million tons, up 9 percent from last year, is indicated for the 1974/75 season. Approximately 30 percent of this larger crop remained for harvest on May 1, 1975 compared with 29 percent a year earlier. Current stocks of most processed products are sufficient for market needs. Cold storage holdings of apples are also ample for this time of year.

The Nation's orange crop is now expected to total a record 240.6 million boxes. This output is nearly 11 percent above last season and 6 percent above 1972/73. Estimated grapefruit supplies at 60.9 million boxes are 6 percent less than last season. Florida's grapefruit crop is expected to total 45 million boxes, 6 percent less than last season, while the Texas crop is 32 percent smaller. Through mid-April the movement of fresh grapefruit into domestic and foreign markets was substantially ahead of last year's pace, while deliveries to processors were lower. Indicated lemon production in California and Arizona is a record 27 million boxes, over 55 percent above last season's harvest. Total shipments of fresh lemons through mid-April were moderately above last season. Utilization of lemons for processing is up sharply, reflecting the larger crop.

The 1974/75 pack of canned noncitrus fruit was well above last season's levels. Thus, even with a substantially smaller carryover, total supplies of canned fruit for the 1974/75 marketing season are considerably above those a year earlier. Storage holdings of frozen deciduous fruits and berries on March 31 were 5 percent above last season. Production of dried fruit for the 1974/75 season was moderately below a year ago. However, with a considerably larger carryin at the beginning of this season, supplies of dried fruit are ample. Disappearance has lagged for many processed noncitrus items—particularly canned and frozen—because of generally higher prices and a slowdown in economic activity here and abroad. Processors have offered promotion allowances for many items in order to speed up movement.

Vegetables—Per capita vegetable consumption in 1975 likely will rise, with a sharp boost in processed use relative to the reduced level of 1974 more than offsetting a small decline in fresh use.

Acreage for harvest of 14 spring fresh market vegetables is 1 percent larger than the same quarter of 1974. Based on average yields, this would suggest a slightly reduced supply. In addition, a smaller acreage of spring melons implies moderately smaller output.

During the winter quarter of this year, larger domestic fresh vegetable shipments did not make up for a sharp drop in imports of tomatoes, peppers, and cucumbers from Mexico. Domestic shipments of all important fresh vegetables except carrots and celery were heavier with Florida tomatoes showing the greatest gain. Larger stocks of storage onions contributed to this supply, too.

Processed vegetable supplies have been ample this season. The combination of increased packs and some reduction in demand has eased the tight supply position which prevailed for much of 1974. Processors handling 8 major vegetables, which account for about 90 percent of all processed vegetable tonnage, expect to contract for 3 percent more vegetable acreage in 1975. This year there is further expansion of tomato and pickle cucumber acreage. Under average yield conditions, 3-5 percent more vegetables for processing might be expected this

coming season. A larger total canned pack is likely for 1975, but freezers may cut back moderately to avoid excessive supplies in 1975/76.

After 2 years of high prices and relatively light market supplies, the potato industry is working its way out of a serious oversupply situation in 1975. April 1 stocks of 73 million cwt were record large for that date. The spring crop production estimate is down a fourth. Prospective plantings reported in mid-March show that sweetpotato growers expect to plant 1 percent fewer acres this season. With heavy stocks of canned sweets now on hand, processors are not likely to use as many this coming season.

With generous supplies of dry beans available growers' intentions are to plant 8 percent less acreage to dry beans this year. The largest cuts are to come in California where limas and blackeye peas are grown, and in Michigan, the major source of pea beans. These classes are currently in heaviest supply. An 8-percent acreage cut under average yield conditions would still provide more than adequate supplies for the coming season.

Cereal and Bakery Products—Consumption of cereal and bakery products may rise slightly in 1975 following a decline of about 2 percent in 1974. Last year's decline in consumption was associated with rapid retail price increases fueled by higher costs for flour, sugar, vegetable oils, and other ingredients as well as rising processing and distribution costs. Recent declines in raw material prices and some moderation in inflationary pressures suggest a more stable price situation in 1975 and a small upturn in per capita consumption for this class of products.

SUPPLY AND UTILIZATION

The 1974 index of net utilization of farm food commodities (utilization exclusive of domestic feed and seed use) declined slightly from 1973 (table 7). Domestic food use, which accounted for four-fifths of total net utilization, increased a little over 2½ percent.

The decline in total net utilization can be attributed to a drop of 13 percent in the index of exports. Exports accounted for 16½ percent of net utilization in 1974, down from nearly 19 percent the year before. On the supply side, net production of farm food commodities, equivalent to about seven-eighths of net utilization, declined more than 1 percent in 1974. Imports, which accounted for less than one-tenth of net use, were down 9 percent from 1973. Inventories or stocks, the third component of supply, were approximately 5½ percent lower at the beginning of 1974 than a year earlier. But end of year stocks were lower still by nearly 9 percent. Thus, stock depletion accounted for over 3 percent of net utilization in 1974, marking the third consecutive year in which stock drawdown occurred.

Gross production of crop food commodities declined 9 percent, reflecting the impact of inclement weather during 1974. Most of this reduction was concentrated in feed grains (-19 percent) and oilseeds (-18 percent). Feed use of crop food commodities declined 9 percent and export volume was off 13 percent. A drawdown in stocks equivalent to some 6 percent of total utilization of crop food commodities occurred during 1974 and civilian food use fell slightly.

Gross production of livestock food commodities increased 4 percent during 1974. Imports, which accounted for less than 4 percent of total use of these commodities, declined nearly a fifth from their 1973 level while stocks increased slightly in terms of volume. Exports, which constitute a relatively small share of total use, declined slightly, leaving domestic food use of livestock commodities about 3½ percent higher.

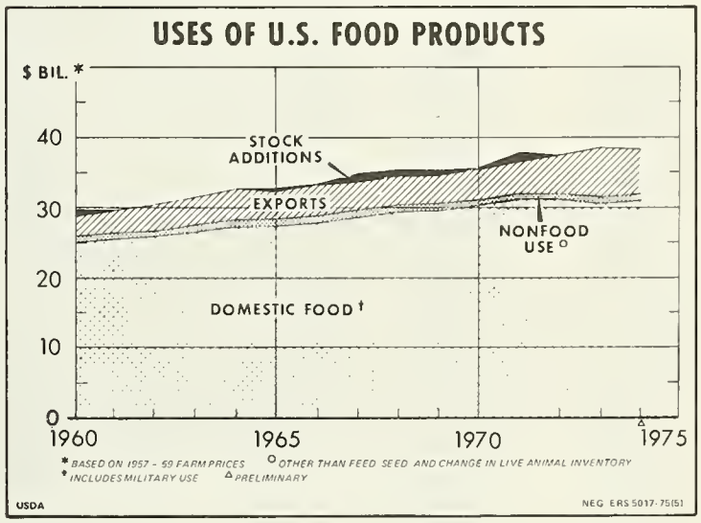

Figure 9

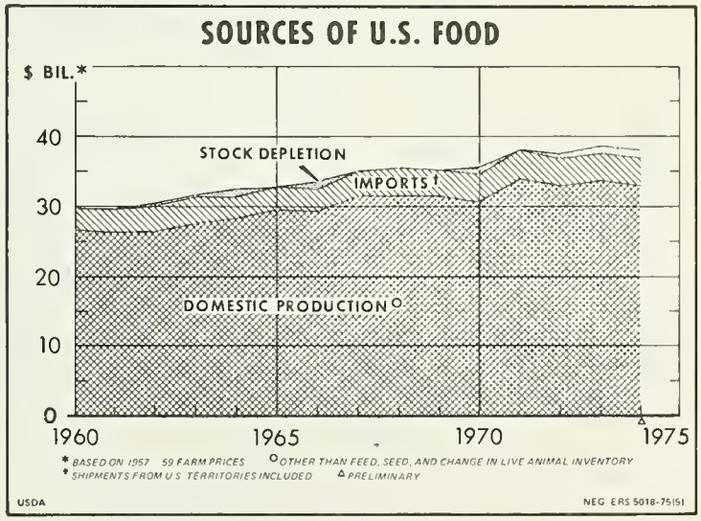

Figure 10

Table 7--Livestock, crop, and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1968-74 1/

Year	Supply: Production	Supply: Imports 2/	Supply: Stocks 3/	Total annual utilization	Utilization: Domestic use: Food: Civilian	Utilization: Domestic use: Food: Military	Utilization: Domestic use: Non-food: Seed and feed	Utilization: Domestic use: Non-food: Other	Utilization: Domestic use: Total	Utilization: Exports and shipments 4/
	A.--All food commodities indexes: (1967=100) 5/									
1968	100.2	111.5	109.1	102.0	102.4	97.9	---	100.3	102.3	100.4
1969	100.6	101.3	116.5	102.5	104.3	83.4	---	100.7	103.8	93.5
1970	98.4	105.4	120.7	105.7	105.8	70.2	---	90.6	104.5	114.0
1971	108.0	110.8	111.8	107.7	108.7	62.9	---	89.0	107.1	111.6
1972	104.6	115.1	123.4	110.9	109.4	50.2	---	92.5	107.6	135.1
1973	106.8	115.4	118.5	113.6	106.4	39.2	---	103.2	104.9	178.0
1974 6/	105.7	104.7	112.0	112.8	109.1	36.1	---	93.1	107.1	155.4
	Livestock food commodities (1967=100)									
1968	100.5	109.0	128.8	102.1	102.2	99.8	96.6	101.9	102.0	106.4
1969	101.0	113.8	112.5	102.6	103.1	85.3	100.0	101.9	102.6	104.8
1970	103.5	124.6	97.5	104.8	105.8	71.6	103.0	95.8	104.7	108.7
1971	106.3	116.9	106.9	107.6	108.7	61.8	100.5	89.9	107.1	128.6
1972	105.2	134.4	102.4	108.0	109.4	49.7	107.3	92.2	107.6	121.1
1973	100.8	145.0	93.1	102.8	104.8	37.0	95.4	81.5	102.6	110.3
1974 6/	105.2	117.9	102.5	106.2	108.7	34.8	93.2	83.4	106.2	106.0
	Crop food commodities (1967=100)									
1968	101.6	112.0	108.1	102.9	103.1	90.8	105.1	99.5	103.6	99.5
1969	103.8	98.3	116.7	105.0	107.2	76.3	110.3	100.2	107.9	91.9
1970	98.1	100.6	121.9	109.3	105.8	64.9	114.8	88.2	108.6	114.7
1971	113.3	109.3	112.1	110.8	108.8	67.2	117.5	88.5	111.1	109.2
1972	111.1	110.2	124.4	119.4	109.6	51.9	126.8	92.7	115.4	137.1
1973	118.8	108.0	119.8	127.7	110.2	47.3	121.1	113.5	114.2	187.5
1974 6/	108.2	101.5	112.5	119.3	110.1	41.2	111.6	97.7	109.6	162.4
	B.--All food commodities: Percentage of annual utilization 5/									
1968	91.4	11.3	-2.7	100.0	83.7	1.8	---	2.8	88.3	11.7
1969	91.3	10.2	-1.5	100.0	84.8	1.5	---	2.8	89.1	10.9
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	84.2	1.1	---	2.3	87.6	12.4
1972	87.7	10.7	1.6	100.0	82.4	.8	---	2.3	85.5	14.5
1973	87.4	10.5	2.1	100.0	78.1	.6	---	2.6	81.3	18.7
1974 6/	87.1	9.6	3.3	100.0	80.6	.6	---	2.3	83.5	16.5
	Livestock food commodities: Percentage of annual utilization									
1968	96.1	3.5	.4	100.0	91.9	2.3	2.0	1.4	97.6	2.4
1969	96.0	3.6	.4	100.0	92.3	1.9	2.0	1.4	97.6	2.4
1970	96.4	3.9	-.3	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972	95.7	4.1	.2	100.0	93.1	1.1	2.0	1.2	97.4	2.6
1973	95.7	4.6	-.3	100.0	93.7	.8	1.9	1.1	97.5	2.5
1974 6/	96.6	3.6	-.2	100.0	94.0	.8	1.8	1.1	97.7	2.3
	Crop food commodities: Percentage of annual utilization									
1968	89.2	15.9	-5.1	100.0	44.8	.6	33.7	3.2	82.3	17.7
1969	89.4	13.6	-3.0	100.0	45.5	.5	34.7	3.2	83.9	16.1
1970	81.1	13.4	5.5	100.0	43.2	.4	34.5	2.7	80.8	19.2
1971	92.4	14.4	-6.8	100.0	43.8	.4	35.0	2.7	81.9	18.1
1972	84.1	13.5	2.4	100.0	40.9	.3	35.1	2.6	78.9	21.1
1973	84.2	12.3	3.5	100.0	38.4	.3	31.4	3.0	73.1	26.9
1974 6/	82.0	12.4	5.6	100.0	41.1	.2	31.0	2.7	75.0	25.0

1/ Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-67 data see NFS-136. 2/ Includes shipments from U.S. Territories. 3/ Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/ Includes shipments to U.S. Territories. 5/ Feed and seed omitted from total commodities to avoid double counting of use through livestock. 6/ Preliminary.

Table 8.--Livestock, crop, and total farm food commodities: Supply-utilization farm equivalent aggregates 1/
(Million Dollars)

Year	Supply			Total annual utilization	Utilization					
					Domestic Use					Exports and shipments
					Food		Non-food		Total	
	Production	Imports	Stock changes 2/		Civilian	Military	Seed and feed	Other		
	A.--All food commodities									
1967	31,439	3,486	-1,133	33,792	28,177	628	---	951	29,756	4,036
1968	31,515	3,886	-918	34,483	28,863	615	---	954	30,432	4,051
1969	31,637	3,532	-520	34,649	29,395	524	---	958	30,877	3,772
1970	30,964	3,672	1,099	35,735	29,829	438	---	862	31,129	4,606
1971	33,950	3,862	-1,431	36,381	30,635	395	---	846	31,876	4,505
1972	32,875	4,011	600	37,486	30,837	315	---	880	32,032	5,454
1973	33,570	4,024	810	38,404	29,993	246	---	981	31,220	7,184
1974	33,238	3,651	1,241	38,130	30,745	227	---	885	31,857	6,273
	B.--Livestock food commodities									
1967	20,792	698	-171	21,319	19,577	497	440	308	20,822	497
1968	20,906	761	97	21,764	20,000	496	425	314	21,235	529
1969	20,991	794	89	21,874	20,175	424	440	314	21,353	521
1970	21,529	870	-56	22,343	20,701	354	453	295	21,803	540
1971	22,102	816	27	22,945	21,280	307	442	277	22,306	639
1972	22,023	938	55	23,016	21,411	247	472	284	22,414	602
1973	20,961	1,012	-56	21,917	20,514	184	420	251	21,369	548
1974	21,870	823	-51	22,642	21,275	173	410	257	22,115	527
	C.--Crop food commodities									
1967	17,445	2,810	-962	19,293	8,600	131	6,380	643	15,754	3,539
1968	17,718	3,148	-1,015	19,851	8,863	119	6,707	640	16,329	3,522
1969	18,100	2,761	-609	20,252	9,220	100	7,037	644	17,001	3,251
1970	17,189	2,825	1,155	21,169	9,128	84	7,324	567	17,103	4,066
1971	19,760	3,070	-1,458	21,372	9,355	88	7,494	569	17,506	3,866
1972	19,386	3,098	545	23,029	9,426	68	8,087	596	18,177	4,852
1973	20,732	3,036	866	24,634	9,479	62	7,727	730	17,998	6,636
1974	18,874	2,852	1,292	23,018	9,470	54	7,120	628	17,272	5,746

1/ Quantities weighted by 1957-59 farm prices.
2/ Negatives indicate stock increases, positives signify withdrawals.

Outlook for 1975

Sharply expanded output of farm food commodities in 1975, which would result if weather is favorable for crops, is expected to allow a rebuilding of stocks. Net production of total farm food commodities is expected to increase by some 5-13 percent, depending upon weather conditions. Production of crop food commodities could increase as much as a fifth with favorable weather, permitting some rebuilding of stocks. Most of the production increases will probably be concentrated in food grains, feed grains, oil crops, and sugar. However, crop food production would increase by only about 5 percent if the low yields of 1974 were repeated in 1975. Imports of farm food commodities are expected to decline by almost 1½ percent in 1973, mainly reflecting larger quantities of domestic crop commodities.

Increased crop production will have only a slight impact on total utilization in 1975, since harvests of major crops occur mainly during the latter part of the year. Feed use of crop food commodities will likely fall by about 8 percent, within a range of 6-15 percent, reflecting adjusted feed patterns in response to last year's small harvests and high prices and apprehension regarding weather later this year. Civilian food use of crop food commodities may increase by 1-1½ percent, but civilian food use of livestock products will likely remain about the same as 1974.

U.S. farm production includes a wide variety of commodities, each with its own unique supply and demand characteristics. Analysis of all commodities is extremely difficult unless some method of comparable aggregation is employed. In table 8, the supply utilization farm equivalent aggregates in millions of dollars are presented for total farm food, livestock food, and crop food commodities. Each commodity is multiplied by average 1957-59 farm prices for every year. This weights the commodities according to the relative level of economic importance in 1957-59. The dollar values for each farm product can then be summed up to the aggregate value for all agricultural products. Comparing the value aggregates for different years is, in effect, comparing changes in quantities.

The index numbers in table 7 are derived by dividing the price-weighted aggregate values in table 8 for the current period by those for the base year, 1967. The annual movements are the same in both tables; only the method of presentation is different.

Reserve

SUGAR AND TROPICAL PRODUCTS—SITUATION AND OUTLOOK

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As Sugar Prices Soared During 1974, Consumers Reduced Use Sharply

Per capita consumption of refined sugar totaled about 97 pounds in 1974, a sharp 5 pound drop from the 1973 level as sugar prices soared up 500 percent last year. Total sugar deliveries of 11.24 million tons (raw value) last year, fell nearly 400,000 tons from the previous year. Domestic production of 5.66 million tons in calendar year 1974 was down over 8 percent from 1973. But imports increased 9 percent to 5.79 million tons last year.

Raw Sugar Prices Dropped Sharply After November

The U.S. raw cane sugar price (New York spot) averaged nearly $35.00 per hundredweight (cwt) in first quarter 1975, down nearly $13.00 per cwt from the record fourth quarter of 1974 (table 9). Furthermore, the average April price of $26.00 per cwt was down over a third from the January level of about $40.00. The decline continues. The New York spot raw price was $20.00 per cwt on May 8.

First Quarter Sugar Deliveries Fell Despite Lower Prices

Despite sharp declines in sugar prices at all levels in early 1975, total deliveries to industrial users, wholesalers, and retailers fell sharply from comparable levels a year ago (table 10). Sugar deliveries of 1.74 million tons (raw value) in the first quarter this year were down over a million tons from first quarter 1974 and over 600,000 tons from last quarter 1974.

One reason for the falloff in deliveries was that when sugar prices were rising in 1974, many users overstocked inventories, then when raw sugar prices began to decline after November 20, these users preferred to limit purchases to the minimum quantities necessary in anticipation of further price declines. Secondly, high prices of sugar-containing foods and beverages discouraged consumer use particularly after September 1.

Some Evidence of Stockpiling in 1974

While total sugar deliveries declined 2 percent in 1974, consumer package deliveries (less than 50 pounds) increased 2 percent and sugar deliveries in large packages (50 pounds and over—mostly used by smaller industrial users) increased 4 percent. These gains in the face of a falloff of total deliveries in 1974, suggests stockpiling—a desire for larger inventories than really needed because of anticipated higher price rises later.

While smaller volume users increased inventories, bulk dry sugar deliveries declined 3 percent and liquid sugar deliveries fell 10 percent in 1974 as immediate demand declined. Large industrial users have limited bulk sugar storage capacity, and liquid sugar users cannot safely store liquid sugar for much more than 30 days without risk of the sucrose inverting into its component sugars—dextrose and fructose. And

U.S. refined sugar deliveries by type of package or form of delivery

Calendar year	Industrial				Consumers packages[3]	Total deliveries
	Liquid sugar[1]	Bulk dry	Large package[2]	Total industrial		
	(1,000 short tons)					
1970	1,753	2,952	2,372	8,077	2,544	10,621
1971	2,716	3,004	2,280	8,000	2,610	10,610
1972	2,710	3,290	2,163	8,163	2,557	10,720
1973	2,706	3,417	2,118	8,241	2,530	10,771
1974	2,436	3,319	2,203	7,958	2,581	10,539

[1] Liquid sugar—dry solids basis. [2] Fifty pounds and larger. [3] Less than 50 pounds.

Source: *Sugar Reports.*

Table 9.--U.S. sweeteners and beverages: Selected prices: 1970-1975

Commodity	1970	1973	1974					1975
			Year	I	II	III	IV	
	Cents per pound 1/							
Sugar								
Raw:								
New York, duty paid	8.07	10.29	29.50	15.94	22.87	31.55	47.62	34.91
World f.o.b. Caribbean	3.75	9.61	29.99	19.29	23.03	30.40	47.26	32.85
Quota premium 2/	+3.19	-.70	-2.12	-4.91	-1.86	-.48	-1.28	
Refined:								
Wholesale								
Northeast, cane 3/	11.97	14.07	34.35	18.35	27.48	36.69	54.90	47.47
Chicago-West, beet 3/	11.08	12.38	32.07	17.54	26.35	34.09	50.29	40.85
Pacific Coast, beet 3/	10.79	12.38	31.90	18.68	26.67	32.75	49.49	40.78
Bulk, dry beet, f.o.b. plant	9.87	11.40	28.46	15.69	23.40	30.38	44.38	42.00
Retail, U.S.: 5-pound package	12.96	15.10	32.34	18.51	25.38	34.99	50.46	54.31
Corn Sweeteners								
Wholesale, Chicago:								
Corn sirup, (dry basis)	6.77	7.07	11.43	8.91	9.92	11.91	14.94	15.45
Coffee								
Wholesale, green, New York								
Colombian, Manizales	57.2	73.2	78.0	77.3	82.8	75.8	75.8	78.3
Mexican washed	52.6	62.5	67.5	71.3	72.7	64.3	61.6	55.9
Brazilian, Santos, No. 4	55.7	67.7	70.2	72.7	75.3	65.0	67.7	70.1
Robusta, Ambriz No. BB	42.0	49.7	59.3	59.7	64.5	56.8	56.3	54.3
Retail, U.S.:								
Roasted, can	91.1	104.0	122.9	113.0	120.1	128.3	130.1	129.1
Instant soluble (6 oz. jar) 4/	104.7	116.0	138.5	123.4	134.8	145.2	150.4	155.7
Tea								
Wholesale, black, New York	45.8	48.2	62.0	52.6	63.2	64.4	67.8	73.6
Retail, package of 48 tea bags, 4/	63.1	66.1	72.0	68.2	69.8	73.0	76.9	83.5
Soft drinks								
Retail:								
Cola drinks (6-12oz. bottles) 4/	72.6	86.1	108.9	92.1	101.9	116.0	125.4	137.0
Carbonated fruit drink (6-12oz. bottles) 4/	69.1	75.5	93.7	79.7	87.0	98.8	109.4	117.8
Cocoa and Chocolate								
Wholesale, New York:								
Cocoa beans, "Accra"	34.2	64.4	98.3	75.7	109.1	106.7	101.6	84.9
Cocoa butter	69.5	140.2	187.6	152.9	220.0	185.9	191.2	166.0
Retail U.S.:								
Chocolate bar (1 oz.) 4/	6.54	6.96	9.78	8.40	9.77	10.00	10.97	12.19
Chocolate flavored sirup (16 oz. container) 4/	25.1	26.6	36.5	31.9	34.5	35.5	43.9	47.8

1/ Except as noted.
2/ Difference between New York and world prices, adjusted to exclude duty and computed freight from Greater Caribbean ports (including Brazil), insurance and unloading charges.
3/ Basis price, 100 lb. paper bags, carload lots.
4/ Cents per specified unit.

Source: Sugar prices (except bulk, dry beet f.o.b. plant, and U.S. average retail--BLS data) from Sugar Reports; wholesale cocoa and cocoa butter prices from Journal of Commerce; all other data from Bureau of Labor Statistics.

Table 10.--Monthly sugar prices and deliveries, 1974-75

Month	Monthly prices 1/			Monthly deliveries 2/		
	Actual	Change from year ago	Change from previous month	Actual	Change from year ago	Change from previous month
	Dol. per cwt.			1,000 tons		
1974:						
January	12.63	+3.25	+1.29	960	+111	+49
February	17.09	+7.95	+4.46	868	+72	-92
March	18.11	+8.66	+1.02	921	-128	+53
1st quarter	15.94	+6.62	3/ +4.74	2,749	+55	3/ +13
April	19.25	+9.60	+1.14	899	+10	-22
May	23.05	+12.99	+3.80	1,038	+54	+139
June	26.30	+16.05	+3.25	988	-70	-50
2nd quarter	22.87	+12.88	3/ +6.93	2,925	-6	3/ +176
July	28.35	+18.10	+2.05	1,058	+33	+70
August	32.60	+21.85	+4.25	1,132	-65	+74
September	33.75	+22.78	+1.15	998	-25	-134
3rd quarter	31.55	+20.89	3/ +8.68	3,188	-57	3/ +263
October	38.83	+27.68	+5.08	1,041	+104	+43
November	57.30	+46.20	+18.47	876	-12	-164
December	46.74	+35.40	-10.56	456	-455	-436
4th quarter	47.62	+36.42	3/ +16.07	2,373	-371	3/ -815
Annual 1974	29.50	+19.21	4/ +20.41	11,235	-371	4/ -138
1975						
January	40.15	+27.52	-7.47	515	-445	+59
February	36.07	+18.98	-4.08	553	-315	+38
March	28.52	+10.41	-7.55	672	-249	+119
1st. quater	34.91	+18.97	-12.71	1,740	-1,009	3/ -633
April	26.01	+6.76	-2.51	820	-79	+148

1/ New York spot raw.

2/ U.S. deliveries, raw value.

3/ Comparison with previous quarter.

4/ Comparison with 1973.

Source: Sugar Reports.

high-fructose corn syrup may have been substituted for liquid sugar to a limited extent.

U.S. Sugar Inventories Up at Close of 1974

Sugar inventories held by primary distributors in the United States totaled 2.84 million tons (raw value) on December 31, 1974, over 250,000 tons higher than at the end of 1973. Mainland-grown cane sugar stocks were up over 100,000 tons. Beet sugar stocks were nearly 200,000 tons larger, while refinery stocks were about 50,000 tons lower at the end of 1974 than a year earlier.

Yearend stocks held by primary U.S. distributors

Description	1971	1972	1973	1974
	(1,000 short tons, raw value)			
Mainland sugarcane processors[1]	284	119	100	209
Refiners:				
Raw sugar	784	972	998	928
Refined sugar	273	250	275	295
Total	1,057	1,222	1,273	1,223
Total cane sugar	1,341	1,341	1,373	1,432
Refined beet sugar	1,346	1,369	1,210	1,406
Total U.S. primary stocks	2,687	2,710	2,583	2,837

[1] Includes negligible stocks of imported refined sugar, (raw value basis).

Source: *Sugar Reports*

Beet sugar stocks continued to be nearly 200,000 tons larger March 31, 1975, than a year earlier, while refiners' cane sugar stocks were up nearly 70,000 tons. The buildup in U.S. sugar stocks has apparently led to several reductions in wholesale refined sugar prices recently.

Retail Sugar Prices Start Declining—But Not Prices of Sugar-Containing Products

At retail, sugar prices averaged 54.3 cents per pound in the first quarter this year up from 50.5 cents in the fourth quarter of last year (table 9). However, retail sugar prices have started to ease. The April average of 49.5 cents per pound was down over 10 cents from January.

But there may be a considerable lag before the declines in wholesale sugar prices are reflected in lower prices for those products which contain a substantial amount of sugar. A major reason is that the current retail price of any sugar-containing product often reflects the price for sugar purchased several months ago.

Also, manufacturer and distributor margins for sugar-containing products were squeezed when sugar ingredient costs were rising sharply and now there are attempts to recapture former margins. And while sugar prices are now declining, other processing, packaging and distribution costs continue to rise.

World Sugar Prices Changing, Too

Retail refined sugar prices in selected world capitals averaged 29 cents a pound on March 5 this year, about 7 cents higher than on last November 1. Prices increased in eight cities, declined in one, and stayed the same in one other. While retail prices averaged about 50 cents per pound on March 5 in Washington and Ottawa and about 45 cents in Tokyo (representing large importing nations) prices in Brazilia, Mexico City, and Canberra (capital cities in large exporting nations) were still at relatively low levels.

Retail sugar prices in selected world capitals

City	November 1, 1974	March 5, 1975
	Cents per lb.[1]	*Cents per lb.*[1]
Bonn	N.A.	33
Brazilia	10	11
Buenos Aires	22	18
Canberra	15	16
London	22	37
Mexico City	8	8
Ottawa	16	50
Paris	21	25
Rome	26	32
Tokyo	42	44
Washington	48	52
Median	22	29

[1] In U.S. cents per lb. converted at current exchange rates.

Source: Sugar and Tropical Products Division, Foreign Agricultural Service.

World Sugar Stocks at Low Levels

World sugar stocks continue at relatively low levels. Beginning 1975/76 stocks are estimated to total about 16.9 million short tons (raw value) down about half a million tons from beginning 1974/75 levels. Sugar stocks have declined in 4 of the last 6 years and are down 8.5 million tons from beginning 1970/71 stocks of 25.4 million tons.

A rule of thumb frequently used in the sugar industry is that world sugar prices tend to rise when beginning stocks fall below 20 percent of world production or consumption. Beginning or carryin stocks were less than 19 percent of production/consumption in 1973/74 and below 20 percent in 1974/75. Thus, the less than 20 percent rule was consistent with very high sugar prices in 1974/75.

1974/75 World Crop Declines

World sugar production for the 1974/75 crop years (May-April) is estimated by USDA at 87.7 million short tons (raw value). A crop this size would be nearly a million tons less than the record 88.6 million ton 1973/74 crop. The current revised estimate is down 1.3 percent from the first estimate made in November 1974.

The estimated 1974/75 world crop is about a half million tons less than anticipated annual world consumption, implying that stocks will decline further

World sugar production and consumption

Year beginning May 1[1]	Production	Change from previous year	Consumption	Change from previous year	Stock change
	(Thousand short tons, raw value)				
1969/70	79,250	4,712	78,058	2,538	1,192
1970/71	77,739	-1,511	80,231	2,173	-2,492
1971/72	77,818	79	82,527	2,296	-4,709
1972/73	83,027	5,209	84,750	2,223	-1,723
1973/74	88,576	5,549	87,633	2,883	943
1974/75[2]	87,664	-912	88,184	551	-520

[1] Includes entire crop for all harvest *began* during the May 1/April 30 crop year, irregardless of when harvesting is actually completed. [2] Preliminary.

Source: Sugar and Tropical Products Division, Foreign Agricultural Service.

World sugar stocks

Year beginning May 1[1]	Beginning stocks	Change from previous year	Beginning stocks as percentage of:		
			Previous year	Production	Consumption
	Thousand short tons raw value	*Thousand short tons raw value*	*Percent*	*Percent*	*Percent*
1969/70	24,242	-982	96.1	30.6	31.1
1970/71	25,433	1,191	104,9	32.7	31.7
1971/72	22,941	-2,492	90.2	29.5	27.8
1972/73	18,232	-4,709	79.5	22.0	21.5
1973/74	16,509	-1,723	90.6	18.6	18.8
1974/75	17,453	943	105.7	19.9	19.8
1975/76[2]	16,932	-520	97.0		

[1] Includes beginning stocks for all harvests begun during the May/April crop year. [2] Preliminary.

Source: Sugar and Tropical Products Division. Foreign Agricultural Service.

this year. World consumption exceeded world production in 4 of the last 6 years. In the 5 crop years prior to 1974/75, world consumption increased about 2.2 to 2.7 million tons annually (raw value). The 550,000 ton consumption increase in 1974/75 was small because of very high prices and tight supplies.

World consumption showed a relatively consistent uptrend until 1974, while changes in world production have been irregular. Total world production declined slightly last year from the record 1973/74 level. In the previous 2 years, the increase was more than 5 million tons each year. Last year's world crop was disappointing in view of earlier prospects. Poor weather, particularly in the European beet areas, resulted in world beet sugar production falling about 2 million tons short of what could have been produced under more favorable conditions.

Imports Up, Domestic Production Down in 1974

U.S. production in 1974 totaled 5.66 million tons, raw value, down 400,000 tons from 1973 (table 11). Nearly 300,000 tons of the decline came from lower production in the mainland cane area and in Hawaii—and only 100,000 tons reflected smaller beet sugar production. Mainland inshipments from Puerto Rico totaled 157,000 tons last year, nearly double the 1973 level.

Imports of cane sugar totaled 5.79 million tons (raw value) in calendar year 1974, about 450,000 tons higher than in 1973. Increased imports came mostly from the Caribbean, South America, and the Philippines. Imports from Mexico, Central America, and Eastern Hemisphere countries other than the Philippines decreased last year.

Raw Sugar Imports and Meltings Down for First Quarter 1975

Based on trade data, raw sugar receipts in the continental United States totaled 819,000 (raw value) through April 5, this year, about half of last year's 1,583,000 tons for the same period. Raw sugar receipts from mainland-grown cane sugar were 255,000 tons, down from 341,000 tons last year. Receipts from Hawaii were off only slightly from last year's pace.

But raw sugar receipts in U.S. ports from Brazil, Mexico, Peru, and the Philippines for the first 3 months this year, totaled 145,000 tons, only 19 percent of the 749,000 ton level in the same period in 1974. First quarter receipts from the Dominican Republic of

Table 11.--U.S. sugar supplies by source, 1971-74

Area	Calendar Year			
	1971	1972	1973	1974
	1,000 short tons			
	U.S. sugar production			
Cane Sugar:				
U.S. Mainland	1,156	1,362	1,579	1,397
Hawaii	1,232	1,120	1,130	1,043
Total cane	2,388	2,482	2,709	2,440
Domestic beet	3,429	3,534	3,352	3,221
Total U.S. grown	5,817	6,016	6,061	5,661
	Sugar receipts from offshore			
Puerto Rico	144	149	79	157
	Total from domestic sources			
Total cane	2,532	2,631	2,788	2,597
Total beet	3,429	3,534	3,352	3,221
Total domestic	5,961	6,165	6,140	5,818
	Imports from foreign sources			
Caribbean	1,038	948	801	1,123
Mexico and Central America	978	1,038	1,035	962
Total North America	2,016	1,986	1,836	2,085
South America	1,389	1,420	1,359	1,560
Total Western Hemisphere	3,405	3,406	3,195	3,645
Philippines	1,592	1,432	1,454	1,473
Other Eastern Hemisphere	590	621	680	669
Total Eastern Hemisphere	2,182	2,053	2,134	2,142
Total foreign	5,587	5,459	5,329	5,787
Total new supply	11,548	11,624	11,469	11,605
Percentage of new supply:				
Domestic sources (percent)	51.62	53.04	53.44	50.13
Foreign sources (percent)	48.38	46.96	46.46	49.87

Source: Compiled from Sugar Reports.

143,000 tons compares with 194,000 tons last year. Raw sugar receipts from all other countries of nearly 200,000 tons nearly matched the 1974 level for the first 3 months.

Reported U.S. refinery meltings of 1.11 million tons (raw value) through April 5 this year, are only three-fifths of last year's 1.86 million ton level for the same period. The reduced raw sugar receipts and meltings for the first quarter this year compared with first quarter 1974 are consistent with prospects of reduced imports for calendar year 1975 and expanded U.S. output, if normal weather conditions prevail.

Larger World Crop Likely for Crop Year 1975/76

World sugar supplies are expected to remain somewhat tight this crop year, at least until there is a better fix on the size of the 1975/76 world sugar crop. Recent reports in the United States, Europe, and the Soviet Union indicate larger planting intentions this year than in 1974. If these planting intentions are realized, weather is more normal than a year ago, and if processing facilities in several sugarcane areas expand as reported, the 1975/76 world sugar crop could be about 5 million tons (raw value) larger than the 1974/75 crop.

The increase could be larger with excellent weather. On the other hand, failure to fulfill planting intentions or poor weather in many of the growing areas would limit the increase.

Crop prospects around the world seem mixed. Except in California where the weather is reported as good, wet conditions may delay U.S. sugarbeet planting. Weather conditions for growing sugarbeets are currently reported good in the Soviet Union and mixed in Western Europe.

With respect to cane-growing areas, both Hawaii and Florida are reported to be experiencing dry weather. Growth in the Louisiana cane crop is reported slow due to cool weather, but is fairly clean of weeds and grasses. There are also reports that Cuba and the Dominican Republic had a drought. A report from Brazil indicates their 1975/76 crop may not be much larger than the 1974/75 crop.

1975 Price Prospects Likely To Be Lower By Fall

If the 1975/76 world crop is up 5 million tons or more from the 87.7 million short ton crop in 1974/75, then U.S. raw prices (New York spot) could well be below current levels by fall. Obviously, a larger world crop would put greater downward pressure on sugar prices than a small crop. And with the lapse of the U.S. Sugar Act, there is currently no price support floor for U.S. sugar prices.

With world prices still higher than a year ago, but with potential prospects for a larger crop this fall, any increase in U.S. prices would seem to be temporary. Factors which could push U.S. prices up some this summer from current levels include: (1) uncertainty about the size of either the U.S. or world crops this fall; (2) reports of bad growing weather or of grower failure to fulfill spring planting intentions; (3) significant increases in U.S. and world sugar consumption partially in reponse to declining prices.

CORN SWEETENERS

While sugar prices in 1974 rose 5 times over 1973, wholesale corn sirup prices only doubled (table 9). Corn refiners limited price increases for corn sweeeteners (particularly corn sirup) and marketed corn sweetners—dextrose, corn sirup, and new high-fructose corn sirup—under allocation (company rationing).

Both dextrose and high-fructose prices have been reduced recently in response to declining sugar prices. On a dry delivered basis, dextrose was selling for $25.43 per cwt in mid-April east of the Rocky Mountains. High-fructose corn sirup was reported selling for $28.10 on a dry delivered basis down from $32.80 earlier this year. Trade sources indicate that to be competitive, high-fructose corn sirup should be priced 10 to 20 percent below comparable sugar prices on a dry-weight basis. The demand for corn sweeteners may have declined some recently in relation to the falloff in sweetener use in recent months.

High-fructose sirup is *not* a dry crystalline sugar as is cane or beet sugar! Its uses are limited to those where wetness is an acceptable characteristic. Thus, it is not likely to be marketed in consumer packages for household use. Its use in presweetened cereals or bakery mixes is also expected to be limited, since it may cake.

The soft drink market is where high-fructose sirup suppliers hope to make their largest inroads. Other potential uses include canned fruits, ice cream, and certain bakery products. In some products, high-fructose may replace sucrose on a one-for-one basis, while in others it is used in combination with sugar.

COFFEE

Consumption Down

Per capita coffee consumption totaled 12.8 pounds (green bean equivalent—GBE) last year, a drop of nearly a pound from 13.7 pounds in 1973, continuing the downtrend which began in 1962. All of the decline occurred in regular coffee, which totaled 10.1 pounds (GBE) last year, down from 11.0 pounds in 1973. Instant coffee consumption remained stable at 2.7 pounds (GBE).

Imports: Green and Roasted Down, Instant Up

Total imports of green coffee were down 12 percent last year. And after netting out green coffee reexported to other countries, imports available for consumption of 2.39 billion pounds were down nearly 400 million pounds from 1973. This was the smallest quantity of green coffee imported into the United States in 20 years.

Roasted coffee imports in 1974 totaled 25 million pounds (GBE), a drop of about 40 percent from 1973.

U.S. coffee imports (green bean equivalent)

Quarter and year	Green	Roasted	Instant	Total
	Million pounds			
1973				
I	786	11	51	848
II	828	10	44	881
III	622	14	26	662
IV	648	7	51	706
Annual	2,883	42	172	3,097
Less Reexports	-120	-4	-6	-130
Net Annual	2,763	38	166	2,967
1974				
I	881	3	51	935
II	749	9	53	811
III	459	6	44	509
IV	456	7	33	496
Annual	2,545	25	181	2,751
Less Reexports	-159	-2	-7	-168
Net Annual	2,386	23	174	2,583
1975				
I[1]	677	6	32	715

[1] Preliminary.

Source: Bureau of the Census.

Instant coffee imports totaled 181 million pounds (GBE), up 5 percent from 1973 and continuing an uptrend from 91 million pounds in 1971.

Imports Down for First Quarter 1975

Total imports of coffee for first quarter 1975 of 715 million pounds (GBE) were down over 200 million from last year. However, the first quarter level was 200 million pounds over the nearly 500 million pounds imported in the last quarter of 1974. First quarter green coffee imports were also down from first quarter 1974.

Roastings Declined in 1974

Domestic roastings totaled 2.46 billion pounds last year, down 4 percent from 1973. First quarter 1975 roastings will likely be below the 1974 level, and roastings for the year may also total less than in 1974.

1974/75 World Crop Up Nearly a Fourth

As of March, USDA estimated the 1974/75 world coffee crop at 77.4 million bags (132.3 pounds each). While down slightly from earlier estimates, this crop is still nearly a fourth larger than the previous crop year. This size crop would be the largest crop since the 81.6 million bags produced almost a decade ago.

The current estimate reflects some revision in estimated production in several countries. The 1974/75 estimate for Colombia was lowered by 1 million bags to 8.5 million bags, as heavy rains during the growing and harvesting periods reduced the crop. Angola's production dropped 600,000 bags to 3 million bags.

World coffee production and exports

Crop year beginning October	World production		World exports[2]	Exportable surplus or deficit
	Total	Exportable[1]		
	(1,000 bags, 132.276 pounds each)			
1970/71	58,291	40,154	50,100	-9,946
1971/72	71,834	53,083	57,400	-4,317
1972/73	76,485	57,166	53,500	3,666
1973/74	62,257	43,530	55,600	-12,070
1974/75	77,409	58,134	[3]56,500	1,634

[1] Represents total production minus consumption in producing countries. [2] Data from International Coffee Organization. [3] Preliminary.

Source: Foreign Agricultural Service.

Estimated output in Brazil, the world's largest producer, continues at 27 million bags, nearly double last year's low output damaged by frost in July 1972. Production also increased in Central America (excluding Costa Rica), Mexico, Ecuador, Ethiopia, Ivory Coast, Malagasy Republic, Philippines, Tanzania, India, and Indonesia.

Exportable production (harvested production less estimated domestic consumption in producing countries) is expected to total about 58.1 million bags—about a third higher than in 1973/74. World coffee exports for 1974/75 are expected to be close to the 1973/74 level of 55.6 million bags. On October 1, 1974, green coffee stocks in importing countries reportedly reached a record high 13 million bags.

Coffee Future Uncertain in Mexico and Central America

Central American coffee yields are comparable with those of almost any other coffee-growing country in the world. Their coffee also is in strong demand among consumers throughout the world because of its particular flavor.[1] But to maintain coffee production at current levels in Mexico and Central America will continue to require high inputs of fertilizer and other chemicals to obtain high yields. Thus, coffee growers in these countries need sufficiently high coffee prices to keep pace with the upward trend in production costs—primarily for labor and fertilizer.

Moreover, the labor-intensive and fertilizer-intensive technical growing efficiency in Mexico and Central America in coffee production is continually being weakened by rising production costs as well as financial and organizational weaknesses when compared with Brazil, Colombia, and other producing areas. The better organized, more adequately financed and disciplined market structure of the Brazilian Coffee Institute (IBC), the Colombian National Coffee Federation, and the State Marketing Boards of certain African

[1] For more information see J. Phillip Rourk, "Coffee Faces Uncertain Future in Mexico and Central America," *Foreign Agriculture*, FAS, USDA, Vol. XIII, No. 6, Feb. 10, 1975, pp. 2-4.

coffee-producing countries enable them to more effectively deal with coffee-importing nations.

The official and quasi-official marketing organizations of Mexico and Central America are typically under financed and not adequately equipped to deal with major problems. Moreover, the larger number of small and individual exporters in these countries are in a relatively weak bargaining position in selling coffee in the world market, particularly in periods of excess supplies and low prices.

African Coffee Production Likely to Remain Stable

The approximately 20-million bag annual African harvest from 25 coffee-producing countries accounts for about a fourth of total world coffee output.[2] This level of production seems likely to change little before 1980. Meanwhile world demand for coffee is increasing approximately 2 percent annually.

Weather and soil conditions are suitable for coffee production in Africa, and there is ample land for further expansion by planting. But plantings were largely curtailed after 1957, and production for the last 5 years has plateaued at about 20 million bags annually—about 25 to 30 percent of world production.

Coffee is harvested somewhere in Africa each month of the year. Most of the Robusta harvests—which accounts for about three-fourths of Africa's coffee production—begin in October or November. Arabica harvests typically begin about the middle of the year. Much of Africa's output is marketed through boards or cooperatives.

In calendar year 1974, about one-third of all African exports were sent to the United States. The African coffees also accounted for around one-third of U.S. green coffee imports last year, up from only around 17 percent of U.S. coffee imports in 1960.

U.S. Coffee Prices—Retail Firm, Green Weakening

Retail coffee prices remained firm in the first quarter this year. The roasted average price of $1.29 per pound was down a penny from last quarter 1974, but up 16 cents from first quarter 1974. The U.S. retail price of instant averaged $1.56 per 6-oz. jar in the first quarter this year, up over a nickel from the previous quarter and over 32 cents per jar from a year ago.

Colombian Manizales and Brazilian coffee prices averaged higher in the first quarter this year over the last quarter of 1974, while Mexican washed and Robusta prices averaged lower. However, in March, only Brazilain prices averaged higher than in February; prices for the other three coffees declined several cents per pound. To some extent, the Brazilian price may not reflect "deals" or sales at less than listed prices. All Brazilian coffee exports are marketed through the Brazilian Coffee Institute, the Brazilian Government's State Coffee Marketing Board.

Outlook for 1975

Green coffee prices this year will depend largely on two factors—the prospective size of the 1975/76 crop and the possible impact of producer retention schemes in restricting green coffee exports. With a large crop, green coffee prices may decline some unless exporting countries can limit exports sufficiently through export retention schemes. However, even if green coffee prices were to decline some later this year, there is a 6- to 9-month lag in retail prices. Thus, retail prices may not decline very much before yearend, even with a substantial crop.

Moreover, there has been a frost about every 3 years in Brazil in recent years, usually in the first half of July. Even if there is a Brazilian frost it would not affect the 1975/76 crop, but could significantly affect the size of the 1976/77 crop. If no frost occurs this year, and the 1975/76 crop is large enough, then green coffee prices may weaken further this year.

U.S. per capita coffee consumption is expected to continue the long-term downtrend which began in 1962. Per capita consumption will likely be about 12.3 pounds this year, down from 12.8 pounds in 1974. Green coffee imports are expected to increase over the reduced low level in 1974. Coffee roastings, on the other hand, will likely decline again from the 1974 level.

TEA

Tea imports this year may fall short of last year's 178 million pound record high (dry leaf basis). First quarter imports of 42 million pounds, however, nearly matched the first quarter of 1974.

U.S. tea imports (dry leaf basis)

Quarter and year	1972	1973	1974	1975
	(Million pounds)			
I	40	45	43	42
II	40	44	53	
III	35	39	52	
IV	37	46	30	
Annual	152	174	178	
Less reexports	1	1	1	
Net annual	152	174	177	

[1] Less than 500,000 pounds.

Source: Bureau of the Census.

Wholesale tea prices (India-Ceylon composite—New York spot) averaged 74 cents per pound in the first quarter, up 20 cents from the first quarter of 1974. Retail tea prices averaged 84 cents per package of 48 tea bags, up nearly 7 cents per package from the level in

[2] For more imformation see Leslie C. Hurt, "Africa's Coffee Production Seen as Stable to 1980," *Foreign Agriculture*, FAS, USDA, Vol. XIII, No. 15, April 14, 1975, pp. 10-11.

fourth quarter 1974. Because of the sharp rise in wholesale tea prices, further increases in retail prices are likely this year.

U.S. Tea Prices Reflect Higher Production Costs and Tight World Supplies

Worldwide inflation, the international monetary situation, higher costs of tea production and transport—as well as poor crops in Sri Lanka (Ceylon) and East Africa—resulted in sharply rising world tea prices after a decade or more of relatively stable prices.[3]

World supply and demand for tea were probably in near balance in 1974. Although world production exceeded the record 1973 harvest of 1.22 million metric tons (excluding the Peoples Republic of China), export availabilities in 1974 appear to have declined because of rising consumption in producing nations. Much of the worldwide rise in consumption in recent years has come from increased consumption in producing countries. India's consumption, for example, absorbed much of that country's record crop in 1974. India is now the world's largest tea consumer as well as producer. Moreover, other large producing countries like Japan, People's Republic of China, USSR, and Turkey consume most of their tea crops, leaving only small quantities available for export.

Exports from India and Sri Lanka have shown little change in recent years. And exports from Asian producers have only a marginal potential to expand. In contrast, African tea production has registered sharp increases over the years and continued gains in the future seem likely. However, African production in 1974 was temporarily reduced by a drought.

Weather conditions in producing countries could improve this year. If so, world production and exports could move to record high levels, with more adequate supplies becoming available for consuming nations. But even if available supplies increase, tea prices could still remain near current high levels, reflecting higher production, harvesting and export costs.

COCOA AND CHOCOLATE

Per capita consumption of cocoa in 1974 totaled 3.7 pounds (Bean Equivalent—BE) down sharply from 4.2 pounds in 1973. Smaller consumption resulted from a drop in the domestic grind as well as moderate declines in imports of semiprocessed and consumer products.

New Cocoa Crop Slightly Larger

World cocoa production in 1974/75 (October/September) is now estimated at 1.51 million metric tons, up 4 percent over the 1973/74 harvest. African production of 1 million metric tons is up nearly 6 percent. Estimates for Ghana (385,000 tons), Nigeria (215,000 tons), Cameroon (110,000 tons), and Togo (20,000 tons) have been lowered slightly because of the disappointing post-Christmas harvest. The estimate of 230,000 tons for Ivory Coast was increased, however.

World cocoa production and grind

Crop year beginning October	World		
	Production	Grind[1]	Stock change[2]
	Thousand metric tons		
1970	1,493	1,441	37
1971	1,571	1,557	-2
1972	1,398	1,534	-150
1973	1,458	1,450	-7
1974[3]	1,515	1,400	100

[1] World grind for following calendar year. World grind on a calendar year basis and world production on a crop year basis beginning the previous October are comparable allowing time for production to be marketed and shipped to importing countries. [2] A one percent weight shrinkage loss is deducted from production in calculating production/grind difference. [3] Preliminary.

Source: Sugar and Tropical Products Division, Foreign Agricultural Service.

Conversely, favorable growing conditions have resulted in an upward revision in estimates for Brazil (245,000 tons) and Ecuador (65,000 tons), although the total harvest for South America of 360,000 metric tons will likely still be slightly below the previous crop. The prospective North American harvest of 86,000 tons is down only 3 percent from last year. The major producers are Mexico (30,000 tons) and Dominican Republic (32,000 tons). The 1974/75 Oceanic crop of 56,000 tons is up 9 percent from the previous crop.

The prospective world supply/grind position for calendar year 1975 suggests a substantial stock buildup, after 3 years of inventory drawdown. The potential 1975 world grind of about 1.40 million tons is down sharply from last year, because of very high prices for cocoa, sugar, and other confectionery ingredients, as well as adverse economic conditions in major cocoa consuming countries. Greater use of cocoa butter extenders and substitutes—such as coconut and soybean oils—also have a negative impact on grindings when cocoa prices are high.

Cocoa Producers Face Higher Costs

Recent high cocoa prices have been accompanied by rapidly rising costs for fertilizers, insecticides and labor, and sharply higher prices for imported goods from industrial nations. However, high cocoa prices over the past year should give growers more incentive to make new plantings and improve cultural practices. But it will take several years before increased supplies from new plantings will be forthcoming, and much of the increase likely will be absorbed from larger demand coming from growing population and rising income levels in consuming nations.

[3] For more information see Rex E. T. Dull, "High Transport, Export Costs Push Consumer Tea Prices Up," *Foreign Agriculture*, FAS, USDA, Vol XIII, No. 11, March 17, 1975, pp. 4-5.

U.S. cocoa imports and grind
(million pounds)

Quarter and year	Cocoa bean imports	Less reexports	Net imports[1]	U.S. grind	Stock change
1973					
I	224.5	-1.6	220.6	171.7	48.9
II	168.6	-4.1	162.8	161.9	.9
III	69.6	-10.0	58.9	133.8	-74.9
IV	93.0	-4.6	87.5	147.9	-60.4
Annual	555.7	-20.3	529.8	615.3	-85.5
1974					
I	183.0	-9.6	171.5	149.0	22.5
II	164.9	-25.2	138.0	129.6	8.4
III	62.5	-9.7	52.2	119.7	-67.5
IV	84.8	-3.1	80.9	106.9	-26.0
Annual	495.2	-47.6	442.6	505.2	62.6
1975					
I[2]	133.3	-9.6	110.7	96.4	14.3

[1] A one percent weight shrinkage loss is also deducted from imports in calculating net imports. [2] Preliminary.

Sources: Cocoa bean imports from Bureau of Census, Cocoa bean grind from U.S. Department of Commerce.

U.S. Cocoa Bean Imports and Grind Down

Cocoa bean imports totaled 495 million pounds last year, down from 556 million in 1973. Net imports totaled only 443 million pounds in 1974, down nearly 90 million. The trend continues in 1975, with first quarter net bean imports of 133 million pounds down 50 million pounds from first quarter 1974 and 90 million from first quarter 1973.

The U.S. grind follows the same trend as cocoa bean imports, totaling 505 million pounds last year, down 110 million from 1973. The first quarter 1975 grind totaled 96 million pounds, 50 million pounds below first quarter 1974 and 75 million pounds below first quarter 1973. This was the lowest quarterly level since the second quarter in 1955. The cocoa trade anticipates this year's grind will total about 440 million pounds.

All Imports Down

Cocoa and chocolate imports last year totaled 713 million pounds in 1974, nearly 100 million pounds less than in 1973. Imports of processed products, particularly semiprocessed cocoa and chocolate products, held up better than cocoa bean imports. Larger imports of cocoa butter and unsweetened chocolate in 1974 offset smaller imports of unsweetened cocoa. Consequently semiprocessed material imports totaled 252 million pounds (BE) last year, down only 3 percent from 1973.

Consumer product imports of 18 million pounds (BE) were down nearly 3 million pounds from 1973. The decline came from sharply reduced imports of sweetened chocolate. Imports of sweetened cocoa and chocolate-confectionary increased.

U.S. cocoa bean and product imports

Quarter and year	Cocoa beans[1]	Semi-processed	Consumer products[2]	Total including products
1973	*Million pounds—bean equivalent*			
I	220.6	62.9	7.7	291.2
II	162.8	70.6	3.0	236.4
III	58.9	60.5	3.5	122.9
IV	87.5	63.8	7.3	158.6
Annual	529.8	257.8	21.5	809.1
1974				
I	171.5	62.3	5.5	239.3
II	138.0	67.7	2.8	208.5
III	52.2	64.3	4.4	120.9
IV	80.9	57.4	5.8	144.1
Annual	442.6	251.7	18.5	712.8
1975				
I[3]	110.7	55.3	3.8	169.8

[1] Net imports: Reexports and 1 percent shrinkage loss deducted. [2] Reexports of semiprocessed materials and consumer products are negligible. [3] Preliminary.

Source: Bureau of the Census and Economic Research Service.

Wholesale Cocoa Prices Declining, Retail Up

Wholesale Cocoa bean and butter prices continue to decline. The first quarter 1975 price for cocoa beans (New York Spot—"Accra") of 85 cents per pound fell 17 cents from the last quarter of 1974. Cocoa butter averaged $1.66 per pound (New York Spot—imported butter), down 25 cents from the last quarter of 1974. The decline continues; the April price for beans was 73 cents per pound and for cocoa butter, $1.40 per pound.

Retail prices of cocoa products continue to increase. There is a 3 to 6 month lag in ingredient price changes

before they show up at retail. Prices of cocoa, sugar, milk solids, and other key ingredients are still relatively high. Moreover, other costs (for example, labor, packaging materials, and distributing costs) are all higher now than a year ago. Even prices of soybean oil and coconut oils, which are extenders and substitutes for cocoa butter, remain at relatively high levels, though they are down somewhat from previous highs.

Rest of Outlook for 1975

U.S. per capita consumption of cocoa is expected to decline further this year, possibly to around 3.5 pounds. Cocoa bean imports may rise slightly, though any overall increase will likely come in the third or fourth quarters—first quarter imports were down from a year ago. While bean imports may increase some, the U.S. grind is expected to again decline this year; the cocoa trade forecasts about 440 million pounds. Imports of semiprocessed materials and consumer products will likely nearly match last year's level, and could increase slightly if adequate cocoa beans are available for foreign grinding factories.

The declining prices of cocoa beans and butter reflect larger available supplies and falling consumption. Cocoa prices may continue to decline for a while, while the market attempts to size-up the prospective size of the 1975/76 crop, which is to be harvested beginning in about 6 months. Declining wholesale prices of cocoa, sugar, and certain other ingredients will likely check further retail price increases of cocoa and chocolate-containing products.

Reserve

SOME CURRENT FOOD POLICY ISSUES

by

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ABSTRACT: The issues—the price of food to U.S. consumers, the competition between domestic and foreign buyers for U.S. agricultural products, and the role of the United States in feeding the hungry of the world—are discussed.

Although American farmers have the potential to vastly increase their output of agricultural products, whether or not they do so will depend upon the incentives which they receive and the restrictions which are placed upon them. Simply reducing our consumption of beef will not provide an instant grain reserve, nor will curtailing our exports, since the United States needs to export agricultural products in order to offset the rising prices of imported raw materials and because the United States, simply out of humanitarian motives will respond to the needs of other countries threatened by famine.

We are not facing either famine or extremely severe food shortages in the United States. American consumers have had to tighten their belts in recent years and spend an increased percentage of their income for food. However, 2 years of normal weather around the world would likely leave the United States with substantial grain stocks, rapidly falling farm prices, and level or declining food prices at retail.

KEYWORDS: Food, food policy, food prices.

During most of the postwar period, levels of farm prices and income were determined mainly by developments within this country. This is not to say that economic events abroad were unimportant to the U.S. economy. The United States exported the production from 20 to 25 percent of its cropland. Trade in agricultural products returned dollars that helped offset the unfavorable trade balance in the nonfarm sector. Food for Peace and other programs assisted in the development of other nations. But during most of this period, this country carried substantial stocks which cushioned domestic and foreign markets against the impacts of abrupt changes in supply and demand.

In 1972, the situation turned around. The pressures of expanding demand on world supplies began to mount when world cereal production fell 3 percent annually, interrupting a recent trend increase of 3 percent annually. A poor Peruvian anchovy catch helped reduce protein feed supplies. These reductions coincided with rising world demand, fueled by bad weather in Russia, rising incomes, devaluation of the dollar, and growing preferences in many nations for more livestock products in the diet.

This situation created extraordinary foreign demand which, along with strong domestic demand, reduced U.S. grain and soybean stocks and prices climbed. U.S. farmers responded by producing record crops of corn, wheat, and soybeans in 1973. Livestock producers, on the other hand, cut back production under the pressure of skyrocketing feed prices and market uncertainties resulting in part from price ceilings on meat. U.S. and world stocks of grains and other commodities were reduced to low levels. The reserves—and the reserve production capacity which they represented—which had cushioned our markets for nearly 20 years were gone.

Over the nearly two decades from the end of the Korean War until 1972, substantial supplies of most food products had maintained farm prices at a fairly low level and retail food prices had increased a bit more slowly than the prices of other goods and services and much more slowly than average income levels. Thus, U.S. consumers had become accustomed to what was often referred to by others as "cheap food." Food prices rose only modestly and the increases in income for many families were more than adequate to allow for increased spending for automobiles, television sets, recreation, and

education. In retrospect, and in comparison with today's grocery store experience, food really was, as some used to proclaim, "a bargain."

So it was small wonder that the food price rises of 1973 and 1974 caused shockwaves throughout the country. Demands for action, many of which bore more than a superficial resemblance to King Canute's experiment in oceanic water control, were heard throughout the land. "The Government should prohibit price increases." "The Government should embargo exports to protect domestic consumers." And food "shortages" became such a popular topic that students all over the country received assignments to write papers about it.

There are three issues here, or, more appropriately, three aspects of the same issue: the price of food to U.S. consumers; the competition between domestic and foreign buyers for U.S. agricultural products; and the role of the United States in feeding the hungry around the world.

The demand that the government "do something" usually takes the form of a strong insistence that the government prohibit this, that, or the other thing.[1] Demands such as these reflect an inordinate fear of letting some of the needed adjustments be made through the play of prices. Anyone making this latter suggestion is marked down immediately as being insensitive to the fact that the price system often works imperfectly and inequitably. Price increases, especially of basic things like food and energy, indeed work the worst hardship on those who can least afford to pay. But that recognition need not lead us to turn completely away from one of the best mechanisms we have for those occasions when, at prevailing prices, demand and supply do not tend toward a balance. Fear of working an inequity on the poor while rewarding the rich with windfall profits makes us look at price increases as if they were the work of the devil and turns us toward ever more complex, confusing, and sometimes counterproductive schemes of price control, standard-setting, and supply management. Eighty-cent gasoline or 50-cent bread is not to be countenanced: The poor will get poorer, the rich richer.

But surely in the case of food, the USDA domestic food assistance programs as now constituted make it possible to deal effectively with the problem. With eligibility standards and stamp allotments tied to food prices, rising food prices may be more of a problem to middle income people than they are to the poor who receive Food Stamps. To Food Stamp recipients, most of the burden of rising food prices falls on the Federal government, not on the poor.

The food prices of the 1950's and 60's are not going to come back. Agriculture uses very substantial amounts of energy to run the farm equipment which has replaced much of the manual labor. Additional energy is used to manufacture the inputs such as fertilizer which have helped to raise the productivity of American farming to such impressive levels. Energy prices have and will continue to increase.

The argument that all the United States has to do to keep down food prices is to prohibit or control exports flies in the face of many of the realities of the world economy. The U.S. government has sought an international system which would promote freedom of access to raw material supplies by all nations, wherever they may be. This includes petroleum, bauxite for aluminum, many other minerals, coffee, tea, cocoa and other imported foods. This country is in a difficult position to combat cartelization of the markets for internationally-traded commodities if it attempts to reserve U.S.-produced food for domestic consumption except in the direst emergency.

For 30 years, inhabitants of this country thought of the dollar as a solid rock about which other currencies ebbed and flowed. Events of the last 4 years demolished this notion. By mid-1973, the dollar had depreciated by an average of 17 to 18 percent compared with the currencies of our major agricultural trading partners. Moreover, it has undergone numerous short-term fluctuations in relation to currencies of individual countries in response to changing world conditions. As a result of the realignment of the U.S. dollar, prices for U.S. commercial exports, expressed in foreign currencies, average about 9 percent lower than would otherwise have been the case. These more competitive prices to foreign buyers naturally increase the demand for our agricultural products.

The United States needs to espouse a policy that will give a firm international posture in this era of confusion and uncertainty in world trade. The shortages, the price increases across almost the whole range of raw materials—agricultural and industrial—have set countries to pondering new currency and export-import control schemes to conserve or create foreign exchange. If we are to avoid a proliferation of these restrictions on trade, the United States must signal its trading partners that it is ready to follow through on its commitment to join other nations in search of a more open and rational trading world. It is evident that the United States needs a continuing high level of agricultural exports in the face of rising prices to bolster its ability to import oil, bauxite, tin, rubber, and other raw materials.

Regardless of the U.S. attitude on commercial exports, humanitariam motivations alone will make well-nigh irresistible any call to provide U.S. food to countries threatened with famine. In the poor countries of the world, this can happen in any year if drought strikes or the monsoon does not arrive in the Indian subcontinent. The problems of the less-developed countries in meeting the vastly increased bill for imported petroleum products are creating tremendous pressures on them, making it well-nigh impossible to meet the needs in such famine situations without the

[1] This paragraph draws heavily in word and thought on "An Abundance of Shortages," *Resources*, January 1974, Resources for the Future, Inc.

help of the United States and the other developed countries of the world.

American farmers do have the potential to vastly increase their output of major agricultural products. With favorable farm product prices, no restrictions on the use of land, more general use of technology now available, and adequate supplies of inputs at relatively favorable prices, by 1985 they could achieve a 50-percent increase from the 1972 level in feed grain production, a one-third increase in soybean production, a 44-percent increase in beef cow numbers, a 30-percent increase in cotton production, a fourfold increase in production of peanuts, and a doubling of rice output. In other words, the potential is there. What increases in production will actually be achieved is, of course, a matter of the incentives farmers have and the restrictions placed on them.[2]

One proposal to provide grain reserves which occurs with increasing frequency these days is that, if the United States would somehow reduce its beef consumption, this would instantly provide a grain reserve.

Again, the desire to solve problems by exhortation or decree, rather than letting the price system work to reflect the desires and convictions of citizens as consumers, shows itself. To some extent, the beef animal is much maligned in this kind of discussion. Conventional wisdom holds that grain-fed beef represents an inefficient use of resources since, *in the feedlot*, it takes a lot of grain to produce a pound of beef. What is overlooked in this kind of discussion is that the beef animal spends most of its life on grass and hay and only a brief period at the end on grain. Hogs, which are rarely mentioned in such discussions, consume more corn than beef cattle. For several years, pork production has averaged about 60 percent of beef production, but hogs have used 90 percent as much grain—corn, sorghum and other—as beef cattle.[3]

In the past year or two, there has been a substantial shift in cattle feeding practices. Until grain prices reached the heights of the last 2 years, the standard practice had been to grain-finish beef cattle in the feedlot for the last 400 or 450 pounds of gain. The shift has been to a much briefer spell in the feedlot or none at all. This has meant increasing quantities of light-grain-fed and non-grain-fed beef in the market—about one-fourth of steers and heifers at present, compared with 3 percent in 1973 and 16 percent in 1974. Retailers have been merchandising "baby beef," "lean beef," and numerous other labels.[4]

To a considerable extent, the market has brought about the adjustment. U.S. consumers in the aggregate are eating less grain-fed beef and more grass-fed or light-grain-fed beef, the latter often at substantial price discounts from meat of grain-fed animals. As feed prices come down, the proportions will change again, although it seems likely that cattle feeders in the aggregate probably will not return to the typical practices of the 1960's. Grain feeding will probably commence at heavier weights and less grain will be used per pound of beef produced.

Another issue is the question of the so-called "monopolization" of the food industry. Contrary to rumor, conglomerates have not taken over U.S. farming. A number of large corporations have tried their hand at farming. Most of them have found that the strengths of corporate management do not convey some magical ability to out-compete the family farmer. Except perhaps for a few rare cases, corporate control of various agricultural segments has not been able to extract monopoly profits.

The broiler industry is a case in point. Certainly if there is any part of agriculture where corporate control in a small number of hands should make it possible to extract monopoly profits, it would be the broiler industry. It has only about 150 decisionmakers determining production levels. Yet the broiler integrators have been unable to control production to maintain prices above the break-even level.

This is not to say that these are not major public policy issues of corporate involvement in agriculture and the nature of coordination arrangements. These exist and must be addressed.

What does this mean to the American consumer? In the first place, we are not likely to have famine or even serious food shortages. However, it is true that consumers have had to tighten their belts and use more of their incomes for food. As a matter of fact, per capita food consumption fell less than 2 percent in 1973 from the record high of 1972 and increased about ½ percent in 1974, in spite of all the concern about food shortages. These are small changes. They do not indicate that anyone must go hungry.

Food prices at retail remain a problem for consumers. With aggregate income rising more slowly now, consumers are spending more of their income on food. When economic growth resumes, barring bad weather, incomes will likely increase more rapidly than food prices and expenditures for consumers on the average. This does not mean that those with low or fixed income will not have problems.

If, as the doomsayers predict with great certainty and the climatologists are willing to speculate *might* happen, the United States is in for several years of drought, colder weather, or otherwise unfavorable growing conditions, the problems will be greater and food prices will certainly be higher. On the other hand, 2 years of normal weather around the world would likely leave the United States with substantial stocks of grain, rapidly falling farm prices, the government back in the price support business for major commodities, and level or declining food prices at retail.

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[2] "American Agriculture—Its Capacity to Produce," *Farm Index*, Economic Research Service, December 1973, pp. 8-16.

[3] James E. Nix, "Grain-Fed Versus Grass-Fed Beef Production," LMS-202, Economic Research Service, April 1975, pp. 37-40.

[4] Christine J. Hager, "'Baby Beef' Reappears," NFS-151, Economic Research Service, February 1975, pp. 32-33.

FOOD EXPENDITURES OF FAMILIES, 1972-73

by

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ABSTRACT: Preliminary results of a 2-year survey of spending and earnings of U.S. families have been released by the Bureau of Labor Statistics. Data now available are from diary records kept by over 10,000 families for two consecutive 1-week periods in 1972-73. The average family food bill in 1972-73 was $30.32 per week. Over one-fourth of the total was spent on eating out. About one-third of the home-food dollar was spent on meat, poultry, and fish—nearly half of this going for beef. Further results of the survey will become available during the next 2 years.

Keywords: Food, family expenditures, family income, expenditures survey.

The average U.S. family spent $30.32 a week for food at home and away from home in 1972-73—or $10.46 per capita per week. These data are among the preliminary results of a 2-year survey of spending and earnings of U.S. families released by the Bureau of Labor Statistics. Some of the findings from diary records kept by over 10,000 families for two consecutive 1-week periods between July 1972 and June 1973 have just been made available (table 12). Included in the release are selected characteristics of the families surveyed: Family size, income, age and education of family head, home and vehicle ownership, race, and average spending for food in broad groupings and for selected nonfood categories. Data are presented for families classified by income, family size, and age of head.

The entire survey included quarterly information on income and purchases starting in January 1972, in addition to the diaries. Further data on all purchases and including classifications of families by geographic region, home ownership, occupation and education of family head will be released over the next 2 years as they become available. Requests for releases should be addressed to the Bureau of Labor Statistics, U.S. Department of Labor, Washington, D.C. 20210.

Food Expenditures in 1972-73

Over one-fourth of the average family food bill in 1972-73 was spent on food eaten away from home, up from one-fifth when a similar survey was made in 1960-61. Increased spending on eating out was related to more than an increased propensity of people choosing to eat out. In 1972-73 there was a higher proportion of single consumers (24 percent) than in 1960-61 (15 percent). In both studies such single consumers spent a greater share of their food dollars away from home than did larger family units. Prices for food away from home increased more than for home food—64 percent over the 12-year interval, compared with 43 percent. However, families of two or more persons also spent a greater portion of their food money on eating out in the later year than they had earlier.

The percent of total income spent for food was lower in 1972-73 than it had been in 1960-61 (16 percent compared with 20 percent). These findings are consistent with the steady downtrend shown by comparable time series for the years 1960 to 1972.

About one-third of the home-food dollar was spent on meat, poultry, and fish—nearly half of this going for beef. One-sixth of the food dollar was spent on fruits and vegetables and another sixth on dairy products and eggs. Despite sizable differences in the level of spending, the dollar typically was divided in nearly the same proportions at all income levels.

Income Differences

Food expenditures rose rapidly as family income rose—with per capita spending for foods eaten away from home gaining much more than for foods at home. Since family size also increased with income, per capita expenditures for at-home food were only one-third

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higher for families in the top 10 percent of the income range compared with the botton tenth. Per capita spending for eating out among high-income families was four times that of low-income.

While division of the at-home food dollar among broad groups of food was not related to family income, the porportion of the meat, poultry, and fish dollar spent on beef was highly income-elastic. For the most part, beef became a larger proportion of total meat, as income rose.

The percent of total family income spent for food decreased from 69 percent for the poorest families to 35 percent for the next poorest and then dropped slowly to only one-tenth for those with the highest income. However, many families in the lowest income group probably had noncash sources of income and cash assistance such as food stamps which are not included in income totals.

Further analysis of food expenditures will be presented as data become available.

Table 12.--Family expenditure for food and selected family characteristics by income (before taxes) all urban and rural families and single consumers, United States, July 1972-June 1973.

Item	Unit	All families reporting income	Family income (before tax) class 1/									
			1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
Average, income, before taxes	dollars	10,185	930	2,614	4,218	5,922	7,742	9,597	11,485	13,860	17,146	28,507
Family size	persons	2.9	1.6	1.9	2.3	2.8	2.9	3.1	3.3	3.5	3.6	3.9
Under 18	"	1.0	.3	.5	.7	1.0	1.0	1.2	1.3	1.4	1.3	1.3
18 - 65	"	1.6	.7	.8	1.1	1.4	1.7	1.8	1.9	2.0	2.2	2.5
Over 65	"	.3	.6	.6	.5	.4	.2	.1	.1	.1	.1	.1
Age of head	years	47.6	59.1	57.8	51.0	47.0	43.8	42.0	42.5	42.2	44.1	46.4
Food expenditures in week:												
Total	dollars	31.08	12.37	17.64	22.11	25.74	29.34	32.01	36.61	38.73	43.75	52.69
At home	"	22.73	10.41	14.68	17.89	19.92	22.16	23.74	26.76	27.84	29.94	34.04
Cereal and bakery products	"	2.70	1.27	1.80	2.03	2.46	2.71	2.80	3.11	3.24	3.56	3.99
Beef	"	3.47	1.07	1.72	2.64	2.75	3.24	3.53	4.07	4.95	4.98	5.74
Other meats	"	3.07	1.62	2.10	2.57	2.82	2.88	3.30	3.68	3.52	4.00	4.23
Poultry, fish, seafood	"	1.60	.78	1.16	1.41	1.37	1.54	1.57	1.81	1.81	1.93	2.62
Dairy products, eggs	"	3.64	1.70	2.41	2.78	3.26	3.68	3.85	4.21	4.40	4.73	5.34
Fruit and vegetables	"	3.33	1.83	2.36	2.68	2.89	3.08	3.28	3.91	3.93	4.39	5.05
Other	"	4.92	2.13	3.10	3.77	4.36	5.05	5.41	5.98	5.98	6.36	7.06
Away from home	"	8.35	1.96	2.96	4.22	5.82	7.18	8.27	9.85	10.89	13.81	18.65
Share of income spent for food	percent	16	69	35	27	23	20	17	17	15	13	10

1/Each group contained one-tenth of the families according to their position on the income distribution.

Source: Survey of Consumer Expenditures, Bureau of Labor Statistics, U.S. Department of Labor, April 16, 1975.

Table 13.--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products					Processed foods and feeds											
	Eggs	Fresh and dried fruits and vegetables 2/	Total 3/	Meats: Beef and veal	Meats: Pork	Meats: Total	Poultry	Fish	Dairy	Processed fruits and vegetables 2/	Vegetable oil end products	Cereal and bakery products	Sugar and confectionary	Beverages 4/	Total 5/	All food 6/	Industrial commodities 7/	All commodities
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	125.9	134.7
1974	160.6	192.3	187.7	158.6	162.3	159.6	157.3	204.6	146.4	154.6	224.8	171.2	258.9	140.7	170.9	174.4	153.8	160.1
January	197.8	184.5	202.6	183.5	172.3	177.8	145.7	215.3	145.1	139.3	177.2	166.3	151.8	125.6	162.1	163.9	135.3	146.6
February	186.8	214.5	205.6	175.9	173.8	175.1	176.2	222.6	147.6	140.7	192.8	169.5	167.1	126.0	164.7	170.4	138.2	149.5
March	167.8	210.6	197.0	163.0	154.7	160.1	165.2	211.9	151.2	141.2	206.1	172.3	190.2	129.3	163.0	168.7	142.4	151.4
April	158.7	226.9	186.2	156.1	143.3	151.9	143.9	222.4	154.1	142.8	192.2	167.1	189.8	132.3	159.1	166.9	146.6	152.7
May	126.0	236.8	180.8	155.8	135.2	147.5	150.8	206.8	146.9	145.2	210.8	167.1	215.8	134.5	158.9	167.7	150.5	155.0
June	124.7	204.4	168.6	140.6	125.2	135.7	138.1	198.3	142.9	148.3	210.6	166.0	240.7	138.4	157.4	163.4	153.6	155.7
July	132.0	186.9	180.8	166.1	171.3	165.0	150.6	205.4	141.7	157.7	218.5	168.9	246.7	143.6	167.6	172.6	157.8	161.7
August	149.6	162.6	189.2	172.4	173.9	169.1	150.4	197.9	142.4	162.7	258.4	169.3	270.4	146.2	179.7	176.9	161.6	167.4
September	169.8	163.2	182.7	159.3	169.9	161.3	170.3	196.8	144.8	165.6	253.7	169.7	297.9	147.8	176.8	178.2	162.9	167.2
October	167.8	166.2	187.5	149.6	178.2	160.2	158.5	192.1	146.4	170.0	270.6	176.2	315.3	152.6	183.5	182.0	164.8	170.2
November	164.9	186.9	187.8	140.6	172.9	155.4	172.1	190.6	146.8	171.1	259.7	179.7	419.8	154.2	189.7	192.3	165.8	171.9
December	181.1	163.7	183.7	139.8	176.6	156.0	165.5	194.7	146.7	170.1	246.9	181.9	401.4	158.2	188.2	189.2	166.1	171.5
1975																		
January	168.7	174.9	179.7	148.2	183.7	161.9	169.7	193.1	148.3	171.2	247.2	182.3	358.2	162.6	186.4	188.4	167.5	171.8
February	162.4	174.6	174.6	142.7	181.8	159.0	170.5	206.5	148.5	170.9	239.5	183.6	347.3	162.2	182.6	185.6	168.4	171.3
March	166.3	163.8	171.1	143.7	180.4	159.0	164.6	203.2	148.6	169.5	231.1	181.9	303.0	162.2	177.3	180.4	168.9	170.4
	Seasonally adjusted 8/																	
1974																		
January	175.5	180.9	203.2	185.6	169.0	179.2	151.5	208.8	145.1	139.3	178.1	---	152.1	---	162.1	163.6	---	---
February	191.6	210.1	202.6	169.4	165.9	168.5	172.7	218.4	147.9	140.8	193.6	---	167.3	---	163.4	169.3	---	---
March	161.5	206.9	193.5	158.4	160.8	160.4	158.0	209.7	150.6	141.8	205.5	---	189.8	---	161.9	167.3	---	---
April	174.6	228.5	186.6	152.6	151.6	152.5	146.8	222.0	153.8	142.8	191.8	---	190.9	---	159.7	167.4	---	---
May	147.7	221.3	178.7	152.3	138.8	146.9	151.1	210.6	146.9	144.9	212.7	---	215.8	---	158.6	167.9	---	---
June	136.6	185.5	164.3	136.4	123.2	132.1	135.7	201.1	143.2	147.9	211.7	---	240.2	---	156.8	162.6	---	---
July	142.2	182.2	177.3	161.4	158.9	158.0	135.2	207.7	141.8	157.5	218.1	---	245.5	---	165.4	170.7	---	---
August	154.7	171.5	190.0	171.7	167.5	165.9	147.2	200.9	143.0	162.5	257.6	---	268.5	---	179.0	175.8	---	---
September	152.4	185.0	185.7	162.6	167.7	161.3	160.7	199.2	145.4	166.8	252.2	---	297.6	---	176.4	177.3	---	---
October	175.9	181.0	192.1	158.6	178.7	165.0	163.6	196.2	146.3	170.5	268.2	---	316.6	---	186.1	185.3	---	---
November	159.9	188.6	193.0	150.5	184.5	165.3	183.1	187.2	146.7	170.2	257.4	---	421.9	---	191.8	195.2	---	---
December	154.1	167.2	184.1	143.7	182.4	161.7	190.0	193.0	146.1	169.8	249.1	---	402.6	---	189.7	191.1	---	---
1975																		
January	149.7	171.5	180.2	149.8	179.9	163.0	177.0	187.3	148.3	171.2	248.4	---	358.9	---	186.4	188.0	---	---
February	166.6	165.5	172.0	137.2	173.3	152.7	167.0	202.8	148.8	171.1	240.5	---	347.6	---	181.2	184.5	---	---
March	160.1	160.9	168.1	140.0	187.9	159.5	157.2	201.2	148.0	170.2	230.4	---	302.4	---	176.1	179.0	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

Reserve

Table 14.--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home															Food away from home	All food	Consumer Price Index, less food	Consumer Price Index 5/
	Meats			Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables			Cereal and bakery products	Sugar and sweets	Beverages	Total				
	Beef and veal	Pork	Total 2/						Fresh	Processed	Total								
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	86.5	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	97.9	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.3	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.2	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	129.0	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
1974	168.5	161.0	164.1	146.9	187.7	160.8	151.9	195.3	162.6	170.6	165.8	166.1	195.2	155.6	162.4	159.4	161.7	143.6	147.7
January	168.6	173.5	169.9	157.0	180.4	191.0	146.3	157.4	148.5	151.5	149.7	149.7	140.3	137.3	154.3	151.6	153.7	135.6	139.7
February	181.3	174.0	176.3	154.7	182.6	194.1	149.3	163.2	154.5	158.0	155.9	154.4	149.5	139.1	159.0	152.6	157.6	136.8	141.5
March	178.4	169.0	173.1	152.0	185.2	175.8	151.5	175.8	162.3	162.8	162.5	158.6	162.0	142.0	160.6	153.7	159.1	138.4	143.1
April	170.0	158.2	164.8	147.0	186.9	160.4	153.7	185.8	159.6	168.0	163.0	161.4	169.6	145.7	159.4	155.6	158.6	139.6	143.9
May	165.8	148.8	158.7	138.7	187.1	133.2	154.6	186.5	181.8	171.6	177.7	164.3	175.9	149.3	160.4	157.1	159.7	141.3	145.5
June	163.9	141.2	154.8	135.8	187.1	128.4	153.8	188.0	190.3	172.3	183.1	165.3	184.1	153.8	160.9	158.6	160.3	142.9	146.9
July	161.0	145.9	154.0	136.2	188.2	127.8	151.6	186.8	189.2	172.6	178.7	166.7	195.1	158.1	160.6	160.4	160.5	144.4	148.0
August	169.0	158.8	162.8	140.1	187.4	146.0	150.7	196.2	162.9	176.0	168.2	168.2	203.4	163.8	163.0	161.9	162.8	146.1	149.9
September	172.9	164.8	166.7	148.1	188.6	162.2	151.1	217.3	152.7	178.2	162.9	170.4	212.1	166.5	165.5	163.1	165.0	147.8	151.7
October	166.8	164.0	163.5	147.0	190.4	172.2	151.7	223.7	151.6	178.4	162.4	174.7	226.5	169.2	166.5	164.7	166.1	149.1	153.0
November	163.7	166.8	163.0	150.9	193.6	166.2	152.7	230.7	154.7	178.7	164.3	177.6	245.2	170.2	168.3	166.2	167.8	150.4	154.3
December	160.1	167.1	161.7	154.9	194.8	172.6	155.3	231.9	149.6	178.7	161.3	181.7	279.0	172.7	170.3	167.6	169.7	151.3	155.4
1975																			
January	158.5	170.0	161.9	152.8	195.7	172.6	155.2	214.7	153.6	178.3	163.5	185.3	281.0	175.3	171.4	169.0	170.9	151.8	156.1
February	156.6	169.6	160.9	152.0	197.2	172.1	155.6	214.9	159.2	177.9	166.7	187.3	273.9	177.0	172.0	170.5	171.6	153.0	157.2
March	153.3	170.5	159.7	151.8	197.1	153.5	155.4	213.1	159.9	178.7	167.4	189.1	269.5	177.8	171.4	171.3	171.3	153.9	157.8
	Seasonally adjusted																		
1974																			
January	171.7	176.5	172.8	159.9	180.9	171.5	146.2	---	152.0	151.3	152.1	150.0	140.7	137.7	155.2	151.8	154.5	135.7	140.0
February	180.8	174.9	177.2	156.9	182.4	186.5	148.9	---	157.7	158.0	157.8	154.2	149.8	139.1	159.3	152.9	157.9	137.1	141.7
March	176.6	165.8	171.0	150.8	184.8	174.4	151.2	---	162.6	163.0	162.7	158.4	161.7	142.0	160.0	154.2	158.8	138.5	143.2
April	167.3	158.4	163.5	144.8	186.2	165.2	153.7	---	156.3	167.7	160.7	161.1	169.1	145.6	158.9	155.8	158.1	139.6	143.9
May	165.1	151.7	159.5	138.0	186.5	143.1	154.6	---	175.1	171.9	173.7	164.1	175.2	149.0	160.2	157.1	159.5	141.2	145.4
June	163.4	142.8	154.6	133.8	186.7	144.9	154.0	---	176.7	172.8	175.0	165.6	183.9	153.6	160.4	158.8	160.0	142.8	146.7
July	158.3	143.9	152.0	132.4	188.4	135.7	151.6	---	170.0	173.1	171.2	166.7	195.1	157.8	159.0	160.6	159.4	144.5	147.7
August	165.7	154.9	160.1	137.9	188.2	148.8	150.9	---	157.5	176.2	164.9	168.0	203.4	163.6	161.7	161.7	161.7	146.4	149.7
September	172.0	161.6	165.0	145.8	189.0	152.7	151.4	---	157.6	177.8	165.7	170.2	212.1	166.8	165.0	162.8	164.7	147.9	151.7
October	167.8	161.9	163.0	146.6	190.8	168.0	151.9	---	162.0	178.2	169.5	174.7	226.7	169.2	167.7	164.2	166.9	148.8	153.0
November	167.2	168.5	165.1	155.7	194.0	169.4	152.9	---	163.0	178.3	169.6	178.0	245.9	170.4	170.0	165.7	169.2	150.1	154.4
December	165.4	171.9	165.8	161.9	194.8	163.0	155.5	---	158.3	178.5	166.1	182.1	279.6	173.2	171.3	167.4	170.4	151.0	155.4
1975																			
January	161.4	172.9	164.7	155.6	196.3	154.9	155.0	---	157.2	178.1	166.2	185.7	281.8	175.8	172.4	169.2	171.8	152.0	156.4
February	156.1	170.5	161.7	154.2	197.0	165.3	155.1	---	162.4	177.9	168.7	187.1	274.4	177.0	172.3	170.8	171.9	153.3	157.4
March	151.8	167.3	157.8	150.6	196.7	152.3	155.1	---	160.2	178.9	167.6	188.9	269.0	177.8	170.7	171.8	171.0	154.1	157.9

1/For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/Beef, veal, lamb and mutton, pork, and processed meat. 3/Includes butter. 4/Excludes butter. 5/Seasonally adjusted series derived by ERS.

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NATIONAL FOOD Situation

ECONOMIC RESEARCH SERVICE

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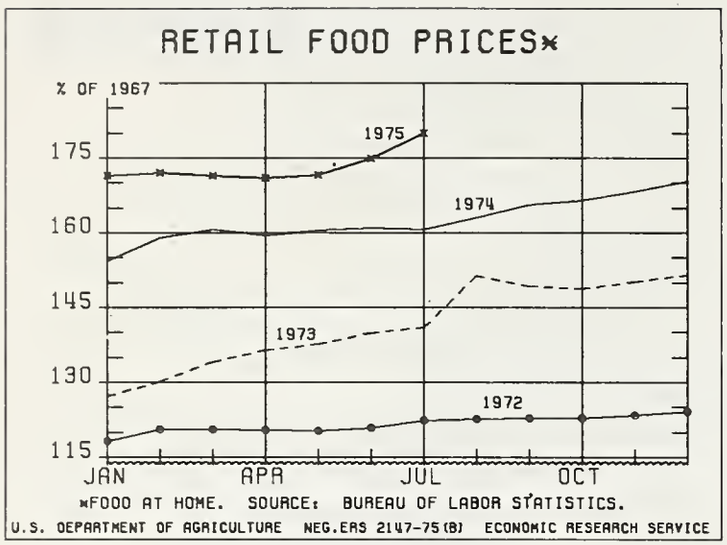
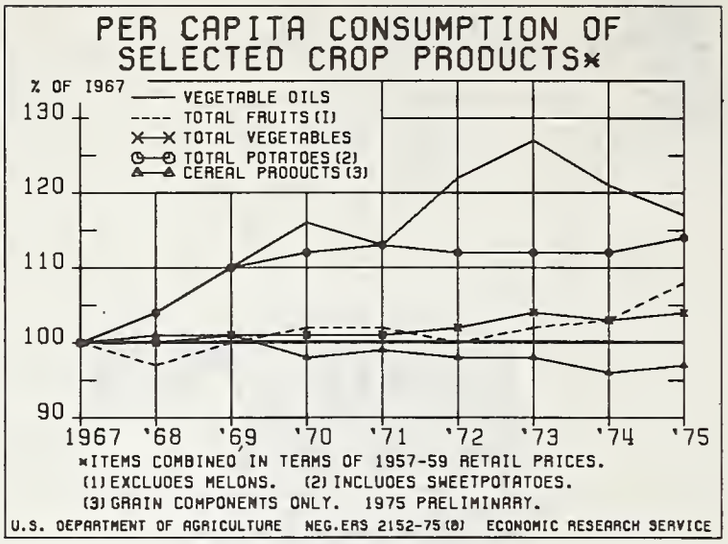


Figure 1



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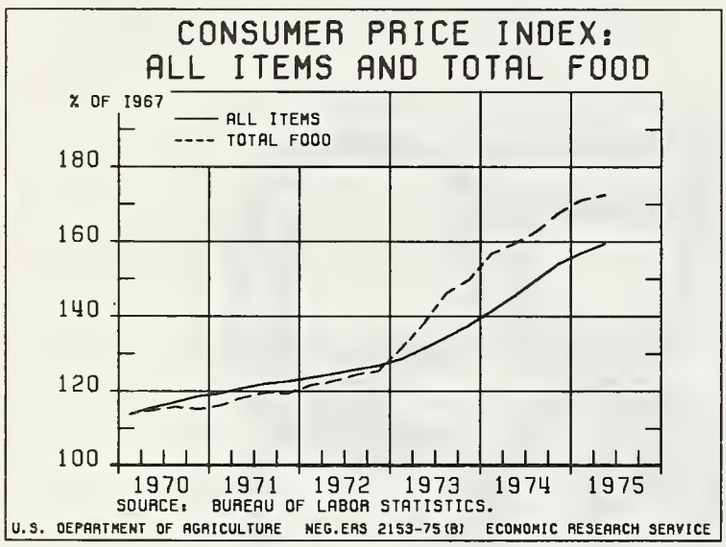

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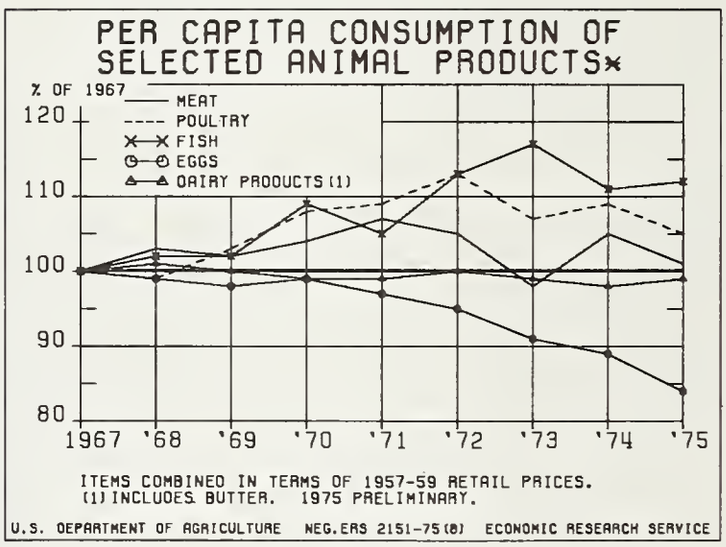

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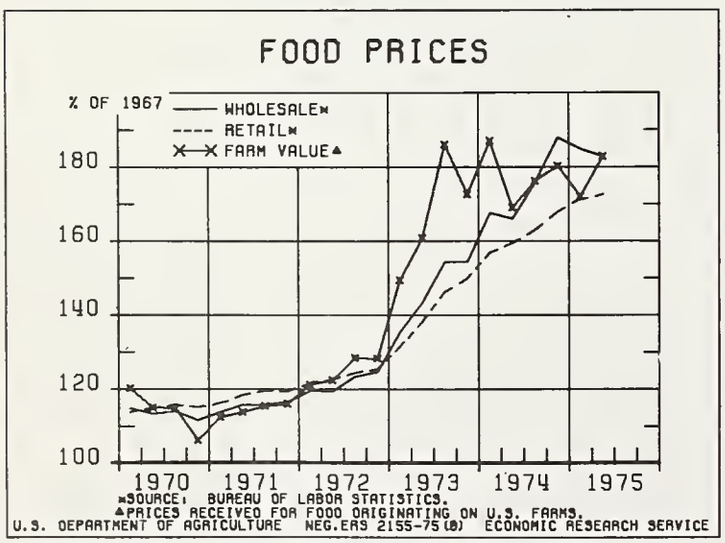

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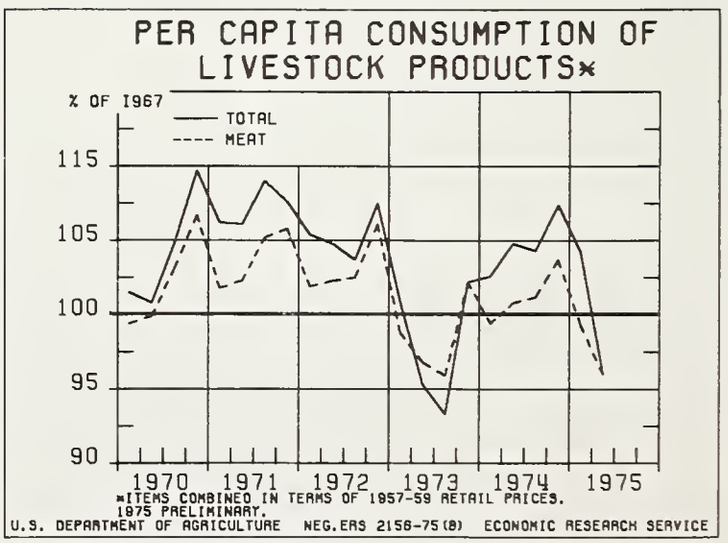

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NATIONAL FOOD SITUATION

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SUMMARY

The July Consumer Price Index for all foods rose 2.4 percent above June, the sharpest monthly increase in the past 18 months. Largely reflecting higher prices for meat, poultry, fish and fresh produce, grocery store food prices advanced 2.9 percent. Retail price increases for meat and poultry—which accounted for most of the increase—were principally the result of the 1974 drought conditions which brought short crops and high prices for feed grains. The effects of higher feed prices on livestock production are still showing up at the farm and retail levels. Compared to a year earlier, the all-food price index in July averaged about 11 percent higher.

Early summer price increases for red meats, poultry and some fresh produce, along with more moderate advances for eggs, dairy products and fishery items, will lead to sharply higher retail prices in the third quarter. Accordingly, average retail food prices for the third quarter may jump about 4 percent from the second quarter and average 10 percent above a year earlier. But prospects for larger output of beef and broilers and seasonally large food crops will moderate upward pressures of food prices later this year.

For all of 1975, retail food prices are now expected to average around 9 percent above the 1974 average. This compares with increases of over 14 percent for each of the two previous years. Stronger export demand and higher farm prices for major grain and oilseed crops are not expected to generate much additional upward pressure on retail food prices during the rest of 1975. While higher prices for these commodities may result in somewhat more strength in crop-related food prices, there may be offsets in livestock-related foods. If feed grain prices rise, the short-run effect may bring more livestock to market, increasing meat production and moderating price pressures. Similarly, low prices for grains would initially tend to restrict livestock production as more animals are placed on feed or held for breeding. But these conditions would encourage increased production of poultry and milk later this year and increased output of all animal-related foods in 1976.

The second quarter Consumer Price Index for all foods averaged 0.7 percent above the first quarter of 1975, the slowest advance in almost 3 years. Much of

this increase reflected a 1½ percent advance in prices for food away from home. Grocery store food prices rose 0.5 percent with much of the increase coming in June. Most of the second quarter increase in food prices was due to higher farm prices for meat animals and poultry. While marketing spreads for these items narrowed sharply, spreads for most other foods continued to widen reflecting increased marketing and transportation charges. The Consumer Price Index for all items less food, including both commodities and services averaged 1.8 percent above the first quarter.

A sharp reduction in the consumption of livestock-related food products, will account for almost all of the nearly 1½ percent decline in per capita food consumption now estimated for 1975. Supplies of meat, particularly pork, and poultry products have been severely constricted this year because of tight supplies and high costs for livestock feeds resulting from the drought-reduced harvests of feed grains and soybeans in 1974. Crop-related food consumption per person likely will be down fractionally from 1974.

Total personal consumption expenditures for food rose during the second quarter to $179.9 billion (seasonally adjusted annual rate), an increase of about 2 percent or $3.4 billion. Nearly half of the increase in food expenditures was due to increased spending on restaurant meals and snacks which rose $1.5 billion or 4 percent. Expenditures for food at home rose $1.9 billion, an increase of 1.4 percent.

Participation in the Food Stamp Program reached a peak of 19.5 million participants in April and declined slightly during the next 2 months. In June participation was 19.2 million. The decline in participation was due to a decline in nonpublic assistance participation during the 3 month period. Public assistance family participation held steady.

The value of bonus food stamps issued during April and May was 59 percent higher than the same period in 1974, due to a 43 percent increase in participation during the past 12 months and two cost of living adjustments, one in July 1974 and a second in January 1975. On July 1, a semiannual adjustment in the value of food stamps was made to reflect increased food costs. The monthly coupon allotment for a family of four increased from $154 a month to $162, a 5.2 percent increase.

Production of U.S. farm food commodities is expected to increase sharply in 1975 as a result of record high crop output. However, most of this increase is associated with crops harvested in the summer or fall and not available for use during most of the current calendar year. At the same time, livestock production associated with grain feeding is down primarily due to the tight feed supply situation stemming from last year's drought-reduced harvests. Consequently, net utilization of farm food commodities in 1975 may be down slightly from a year earlier. Domestic food use, which accounts for about four-fifths of net utilization, may be down about 1 percent, more than offsetting a likely 2 percent increase in the volume of exports.

FOOD PRICES

Retail Food Prices Increase in July

The July Consumer Price Index for all foods rose almost 2½ percent above June, the sharpest monthly increase in a year and a half. Largely reflecting higher prices for red meat, poultry, and fresh produce, grocery store food prices advanced nearly 3 percent. Prices for restaurant meals and snacks were up about ½ percent. Compared to a year earlier, the all foods price index averaged about 11½ percent higher, while the nonfood price index averaged about 9 percent higher.

Retail prices for meat and poultry products were sharply higher in July as a result of tight supplies and high prices for livestock feeds during the past year. Beef and veal prices were up about 5½ percent from June, and pork was 9 percent higher. Poultry prices averaged 9½ percent higher, while eggs rose 5½ percent. A sharp spurt in potato prices, associated with unusually short seasonal supplies, contributed most to the 17 percent increase in fresh vegetable prices, although prices for tomatoes, green peppers, and onions also rose. Fresh fruit prices, led by apples, grapefruit, and grapes rose 3½ percent. Partially offsetting were continued declines for cereal and bakery products, nonalcoholic beverages, fats and oils, and other prepared foods.

Moderate Spring Increase

The second quarter Consumer Price Index for all foods averaged 0.7 percent above the first quarter of 1975, the slowest advance in 11 quarters (table 1). Much of this increase reflected a 1½ percent advance for food away from home prices, as grocery store food prices rose 0.5 percent. The Consumer Price Index for all items less food, including both commodities and services, averaged 1.8 percent above the first quarter.

Nearly all of the second quarter increase in the CPI for food at home was due to a sharp increase in prices of livestock-related foods. Average retail prices for crop-related foods fell for the first time in 15 quarters.

The retail price index for livestock-related foods rose 1½ percent above the winter quarter. Sharply higher red meat prices accounted for almost all of this increase as reduced output brought about by higher feed costs in late 1974 resulted in smaller meat

Table 1--Consumer, wholesale, and farm price indexes, 1974-75
(1967=100)

Item	1974				1975		
	II	III	IV	Year	I	II	
						Index	Percent change from 1974 II
							Pct.
Retail prices: 1/							
All goods and services (CPI)	145.4	149.9	154.2	147.7	157.0	159.5	9.6
All items less food	141.3	146.1	150.3	143.6	152.9	155.7	10.2
All food	159.5	162.8	167.9	161.7	171.3	172.5	8.2
Food at home	160.2	163.0	168.4	162.4	171.6	172.5	7.7
Food away from home	157.1	161.8	166.2	159.4	170.3	172.7	9.9
Wholesale prices: 1/							
All commodities	154.5	165.4	171.2	160.1	171.2	173.0	12.0
Industrial commodities	150.2	160.8	165.6	153.8	168.3	170.2	13.3
Farm products	178.5	184.2	186.3	187.7	175.1	182.8	2.4
Processed food	161.9	177.2	189.8	173.2	186.8	183.5	13.3
All food 2/	166.0	175.9	187.8	174.4	184.8	182.9	10.2
Prices received by farmers: 3/	174	181	182	184	168	177	1.7
Crops	202	215	223	214	194	190	-5.9
Livestock and products	156	157	154	164	152	168	7.7
Market basket of U.S. farm food: 4/							
Retail cost	160.2	162.0	166.3	161.9	168.8	170.1	6.2
Farm-retail spread	154.6	152.3	157.5	151.7	166.3	162.0	4.8
Farm value	169.0	177.3	180.2	178.4	172.8	182.8	8.2

1/ Department of Labor, Bureau of Labor Statistics.

2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.

3/ Statistical Reporting Service.

4/ Economic Research Service.

Changes in retail food prices, second quarter, 1975

Item	From first quarter 1975	From second quarter 1974
	Percent	*Percent*
Meat	4.8	5.8
Poultry	-0.1	8.3
Fish	1.1	6.4
Dairy products	-1.0	-0.1
Eggs	-11.7	4.3
Fats and oils	-5.3	18.6
Fruits and vegetables	3.3	-1.9
Sugar and sweets	-10.4	39.5
Cereal and bakery products	-0.1	14.2
Beverages	-0.3	17.7
Other preparations	0.2	18.4
Food at home	0.5	7.6
Food away from home	1.4	9.9
All food	0.7	8.1

supplies this spring. Lower egg, dairy, and poultry prices were partially offsetting. Compared with the second quarter of 1974, the livestock food retail price index averaged only 4 percent higher.

Consumer prices for crop-related foods fell 0.5 percent from the first quarter, but averaged about 11 percent above the second quarter of 1974. Retail prices for sugar and sweets averaged 10½ percent below the first quarter and fats and oils fell sharply for the first time since the fourth quarter of 1973. Partially offsetting were sharp rises for potatoes and fresh fruit. The total crop food consumption index averaged over 11 percent above the second quarter of 1974, but most of this reflected advances in the previous three quarters.

The quarterly increase in food at home prices was primarily due to a sharp increase in the farm value of U.S. produced farm foods. Gross returns to farmers (farm value of quantities for farm commodities equivalent to retail units), in the second quarter of 1975 were up 6 percent from the previous quarter. The farm value for market basket foods increased each month from March through June. Compared with a year ago, returns in the second quarter were up 8 percent. Returns for meat animals and poultry were up sharply from distressed levels of a year ago. Returns for milk, wheat and other farm ingredients in bakery and cereal products, some fresh vegetables, oilseeds, and sugar were significantly lower than a year ago. In contrast, farm-retail spreads narrowed sharply in the second quarter as increases in retail food prices lagged the rapid rise in returns to farmers. The spread between the retail cost and the farm value of the market basket was down 2.6 percent from the previous quarter, but up 4.8 percent from the second quarter of last year. The farm-retail spread—which represents charges for assembling, processing, transporting, and distributing the products in the market basket—widened sharply from year-earlier levels for most manufactured foods. Increases were particularly large for bakery and cereal products, processed fruits and vegetables, fats and oils products, and sugar. In contrast, spreads for meat animals and fresh vegetables narrowed sharply.

Wholesale Food Prices

Although the Wholesale Price Index for all foods increased each month during the second quarter, the index averaged 1 percent below the first quarter. Compared with the second quarter a year ago, the all foods index averaged 10 percent higher, less than the 13½ percent increase for industrial commodities. Farm products averaged 2½ percent more.

Increases for all foods during the second quarter were due to rising meat, poultry, and fish prices. Offsetting were decreases for sugar, beverages, eggs, and processed fruits and vegetables.

In July, the all foods index rose another 3 percent with much of the rise coming from pork, poultry, fish, and dairy products. Sugar products and cereal and bakery products also rose, but beef and veal prices dropped after 3 months of sharp increases.

Retail Food Price Outlook

Sharply higher prices for red meats, poultry, and some fresh vegetables along with more moderate advances for eggs, dairy products, and fishery items are expected to result in a large jump in average retail food prices for the third quarter. Although further small declines for a number of items in the dry grocery line may be partially offsetting, average retail food prices in the third quarter may be up about 4 percent from the previous quarter and about a tenth from a year earlier.

Fourth quarter food prices are likely to be much more stable and possibly show a small seasonal decline from the third quarter. This would leave them about 6-8 percent above a year earlier. Lower prices are likely for beef, poultry, and fresh fruits and vegetables. Eggs, pork, and dairy products head the list of foods which are likely to continue climbing in price during the fourth quarter.

For all of 1975, retail food prices are expected to average around 9 percent above a year earlier, compared with increases of over 14 percent for each of the two previous years. The recent surge in export demand and farm prices for major grain and oilseed crops is not expected to generate much additional upward pressure on retail food prices during the last half of 1975. While higher prices for these commodities may result in somewhat more strength in crop-related food prices, some offset likely would be derived from increased cattle slaughter and, in turn, a little less strength in livestock-related foods.

A number of conditions, in addition to export demand for grains and oilseeds, can still be expected to influence retail food prices during the last half of 1975. Unfavorable weather in major agricultural areas, reduced output of livestock and poultry

products from levels now expected, stronger than anticipated recovery in general economic conditions, or shortfalls in world output of major imported foods could result in additional strength in retail food prices. Under these conditions, food prices for all of 1975 could average around 10 percent above 1974. Conversely, the opposite of these conditions may result in a softening of retail food prices late this year with an average increase for all of 1975 of about 8 percent.

Commodity Review

Beef—Retail beef and veal prices in the second quarter averaged fractionally below the second quarter of 1974, but jumped almost 6½ percent above the first quarter of 1975. The CPI for beef, which had fallen steadily between September 1974 and March 1975, began rising this April and shot up sharply in both May and June. The increase was due to reduced supplies of grain fed beef following last year's short grain harvest and the resulting sharp increase in feeding costs. Fed beef supplies during the April-June quarter were the lowest for that period in 10 years and cattle prices rose sharply. This improved feeding margins and more cattle moved into feedlots this spring. Fed cattle prices have weakened in recent weeks as beef output has risen. Retail prices will probably remain strong this summer followed by some decline in the fall quarter.

Pork—Retail pork prices averaged 19 percent above the second quarter of 1974 and 4½ percent above the first quarter of 1975. The increase reflects lower pork supplies as hog farmers trimmed inventories in response to last fall's small grain harvest and resulting high feed prices. Another sharp price increase is underway this summer, while a more moderate advance is likely in the fall.

Poultry—Second quarter retail poultry prices averaged fractionally below the first quarter but 8½ percent above a year earlier. In July, prices rose sharply in response to lower supplies and higher red meat prices. Retail prices are expected to average sharply higher in the third quarter, followed by a drop in the fall as broiler prices decline seasonally.

Fish—Retail fish prices averaged 6½ percent above the second quarter of 1974 and 1 percent above the first quarter of 1975. Sharply lower imports and a considerable reduction in inventories contributed to the increase. With many fish items in shorter supply and with relatively high prices for red meat and poultry products, average fish prices may move upward throughout the remainder of the year.

Dairy—Retail dariy prices had declined since the beginning of the year and the May average was below a year earlier for the first time in a dozen years. Prices of dairy products at retail likely will show moderate seasonal increases during the rest of the year, led mainly by butter and cheese prices. However, the 1975 rise in average retail dairy prices may well be under the 4½ percent average annual increase of the early 1970's—quite a change from the 19 percent jump in 1974.

Eggs—Retail egg prices dropped almost 12 percent between the first and second quarters of 1975. Although egg output has been below the first half of 1974, prices fell because of poor demand. Prices have advanced this summer and likely will rise further this fall because of reduced egg supplies, higher prices for other high protein foods, and a seasonal pick-up in demand for eggs.

Fruits and vegetables—Product prices in this category averaged less than 3½ percent above the first quarter and were 2 percent below the second quarter of 1974. The quarter to quarter increase reflected a 14 percent increase, partially seasonal, for fresh fruit and a 6 percent advance for potatoes. Prices for fresh vegetables other than potatoes rose fractionally, while processed fruit and vegetable prices dropped over 1 percent.

Looking ahead, processed fruit and vegetable prices may show a small further decline in the third quarter reflecting generally ample supplies. However, with processing and marketing costs continuing to rise, some increases in retail prices for these items are likely later this year, despite prosepcts for relatively large crops.

Fresh potato prices were sharply higher during June and July due to the extremely tight supply situation. While potato prices have dropped from their early summer highs, further declines in the late summer and fall may be smaller than usual due to a smaller acreage of fall crop potatoes and weather-related problems in some major producing areas. Other fresh vegetable prices were generally strong early in the third quarter. However, seasonal declines in the late summer and fall may result in a substantial drop in average retail prices for vegetables. Ample supplies of most noncitrus fruits may hold down price rises this summer, followed by a seasonal drop in average fresh fruit prices this fall.

Fats and oils—The CPI for fats and oils fell 5½ percent from the first quarter, the first quarterly decline in 2½ years.

Although wholesale prices for edible fats and oils are down from earlier in the year, they are still high compared to earlier years. Recently, wholesale prices have strengthened, reflecting purchases of grain by the USSR and drought in some areas of the Midwest. The Soviet grain purchases have fueled speculation that they may need soybeans, which has tended to firm prices for soybean oil and the entire soybean complex. Drought in the Corn Belt has raised concern about the condition of the 1975 soybean crop. However, supplies of soybeans in the 1975-76 marketing year are expected to be record large and prices of soybean oil may average below the high levels of the previous year.

Sugar and sweets—Second quarter retail prices for

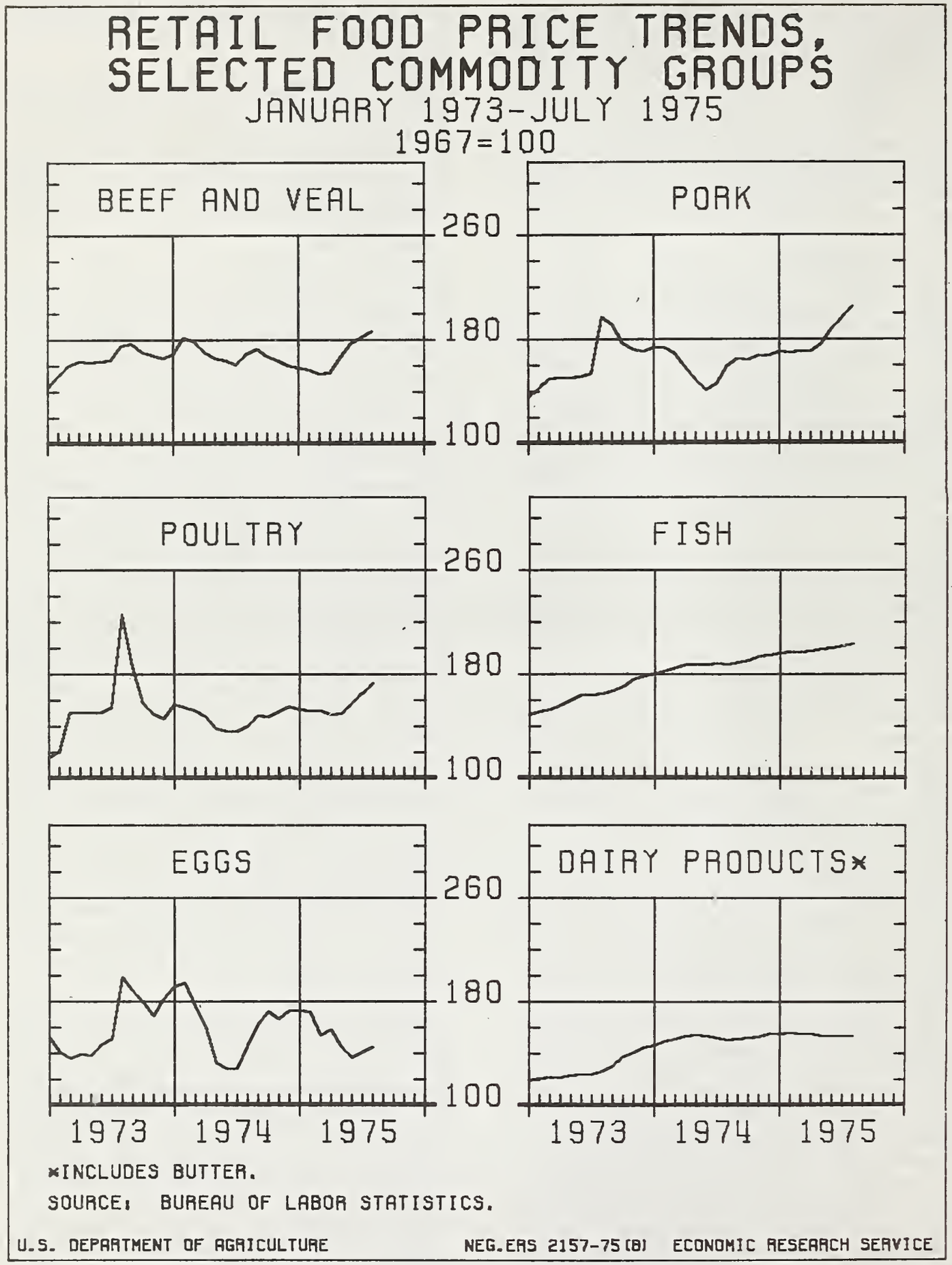
RETAIL FOOD PRICE TRENDS,
SELECTED COMMODITY GROUPS
JANUARY 1973-JULY 1975
1967=100
BEEF AND VEAL
PORK
POULTRY
FISH
EGGS
DAIRY PRODUCTS*
260
180
100
1973
1974
1975
*INCLUDES BUTTER.
SOURCE: BUREAU OF LABOR STATISTICS.
U.S. DEPARTMENT OF AGRICULTURE
NEG.ERS 2157-75(8) ECONOMIC RESEARCH SERVICE

Figure 7

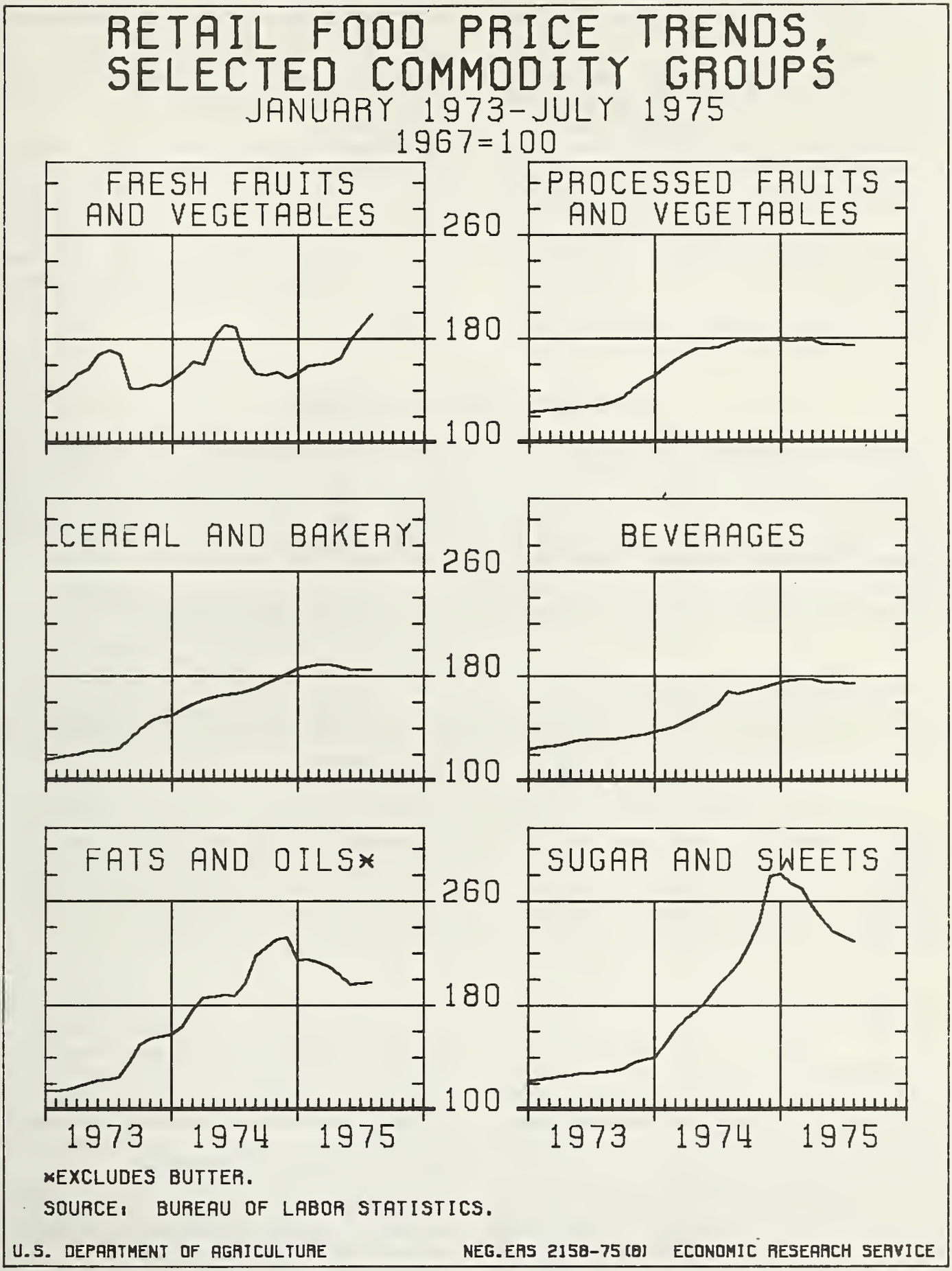
RETAIL FOOD PRICE TRENDS,
SELECTED COMMODITY GROUPS
JANUARY 1973-JULY 1975
1967=100
FRESH FRUITS AND VEGETABLES
PROCESSED FRUITS AND VEGETABLES
CEREAL AND BAKERY
BEVERAGES
FATS AND OILS*
SUGAR AND SWEETS
260
180
100
1973
1974
1975
*EXCLUDES BUTTER.
SOURCE: BUREAU OF LABOR STATISTICS.
U.S. DEPARTMENT OF AGRICULTURE
NEG. ERS 2158-75 (8) ECONOMIC RESEARCH SERVICE

Figure 8

items in this category averaged about a tenth below the previous quarter but were still nearly 40 percent above a year earlier. The average retail price for a 5-pound package of refined sugar fell from an extremely high peak of $3.14 last December to $1.57 in June, a 50 percent drop in 6 months. However, this downward adjustment in refined sugar prices may be over, at least temporarily, since inventories held by refiners have been reduced and world sugar supplies remain tight pending further developments in this year's sugar crops. Raw sugar prices and domestic wholesale prices strengthened again in midsummer, though they seem likely to ease as the fall processing season nears.

Cereal and bakery products—Cereal and bakery product prices fell fractionally from the first quarter reflecting lower sugar and food grain prices. Retail prices during the third quarter will probably hold steady with an increase likely during the fall quarter brought about by rising grain prices as well as higher marketing costs.

Beverages—Beverage prices fell fractionally between the first 2 quarters of 1975. Retail prices for coffee and carbonated drinks dropped. However, higher raw sugar prices may be reflected in higher carbonated drink prices later this year. The Brazilian coffee freeze appears likely to cause a significant increase in retail coffee prices. The CPI for beverages is expected to rise in both the summer and fall quarters.

FOOD SPENDING AND INCOME

Total personal consumption expenditures for food rose during the second quarter to $179.9 billion (seasonally adjusted annual rate), an increase of about 2 percent or $3.4 billion. Nearly half of the increase in food expenditures was due to increased spending on restaurant meals and snacks which rose $1.5 billion or 4 percent. Expenditures for food at home rose $1.9 billion, an increase of about 1½ percent.

Change in food expenditures, first quarter, 1975 (Seasonally adjusted)

Item	From first quarter 1975	From second quarter 1974
	Percent	*Percent*
Total food		
Current dollars	1.9	11.8
1958 dollars	1.1	3.1
Food at home		
Current dollars	1.4	11.2
1958 dollars	0.7	2.9
Food away from home		
Current dollars	3.9	14.2
1958 dollars	2.4	3.8

Total expenditures for food at 1958 prices rose 1.1 percent during the quarter; again, much of that increase was due to increased spending on restaurant meals and snacks which rose 2.4 percent. Spending for food at home rose fractionally.

Personal consumption expenditures rose nearly 3 percent during the second quarter. Durable goods purchased showed the strongest increase rising nearly 5 percent. Expenditures on automobiles and parts rose over 5 percent and furniture and household equipment rose over 4½ percent. Expenditures on other durable goods rose at a much slower rate. Nondurable goods excluding food rose 3.6 percent, led by a 4.8 percent increase in gasoline and oil and a 4.2 percent increase in the other nondurable goods category. Services rose 2.2 percent, with increases in all major categories.

Consumption expenditures and personal disposable income: Changes from previous quarter (Seasonally adjusted)

Item	1974		1975	
	III	IV	I	II[1]
	Percent	*Percent*	*Percent*	*Percent*
Personal consumption expenditures	3.7	-.6	1.9	2.8
Durables	5.1	-11.3	3.5	4.6
Nondurables	3.5	.7	1.8	2.8
Food	5.0	1.7	2.7	1.7
Other	3.0	.7	1.1	3.6
Services	3.4	1.9	1.6	2.2
Personal Disposable income	2.8	1.6	.7	6.2

A 20 percent reduction in personal taxes due to the income tax rebate and a 7.4 percent increase in transfer payments led to a 6.2 percent increase in disposable personal income in the second quarter. Over half of the $63.0 billion increase in disposable personal income was saved, resulting in an increase in the savings rate from 7.5 percent in the first quarter to 10.6 percent in the second.

As a result of the increase in income, the proportion of disposable income allocated to food expenditures dropped from 17.3 percent in the first quarter to 16.7 percent in the second quarter (table 2).

Consumers allocated a greater percentage of their purchases to food expenditures and services during the second quarter relative to the same period last

Table 2.--Expenditures for food in relation to disposable income, 1960 and 1965-75 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.4	91.6	12.3	25.2	3.4	116.8	15.7
1972	802.5	96.3	12.0	27.1	3.4	123.4	15.4
I	774.7	92.9	12.0	26.4	3.4	119.3	15.4
II	790.0	95.4	12.1	26.7	3.4	122.1	15.5
III	807.2	97.3	12.0	27.1	3.4	124.4	15.4
IV	838.1	99.7	11.9	28.2	3.4	127.9	15.3
1973	903.7	112.8	12.5	30.8	3.4	143.6	15.9
I	869.5	105.2	12.1	29.5	3.4	134.7	15.5
II	892.1	109.9	12.3	29.8	3.4	139.7	15.7
III	913.9	116.7	12.8	31.0	3.4	147.7	16.2
IV	939.4	119.6	12.7	32.8	3.5	152.4	16.2
1974	979.7	130.4	13.3	34.1	3.5	164.5	16.8
I	950.6	125.0	13.2	32.5	3.4	157.5	16.6
II	966.5	127.1	13.1	33.7	3.5	160.8	16.6
III	993.1	133.5	13.5	34.1	3.4	167.6	16.9
IV	1008.8	135.8	13.5	36.1	3.6	171.9	17.1
1975							
I	1017.4	139.5	13.7	37.0	3.6	176.5	17.3
II 5/	1078.5	141.4	13.1	38.5	3.6	179.9	16.7

1/Quarterly data are seasonally adjusted annual rates. 2/Based on unpublished data of the Department of Commerce, and the Survey of Current Business and the National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/Includes food consumed on farms where produced. 4/Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/Preliminary.

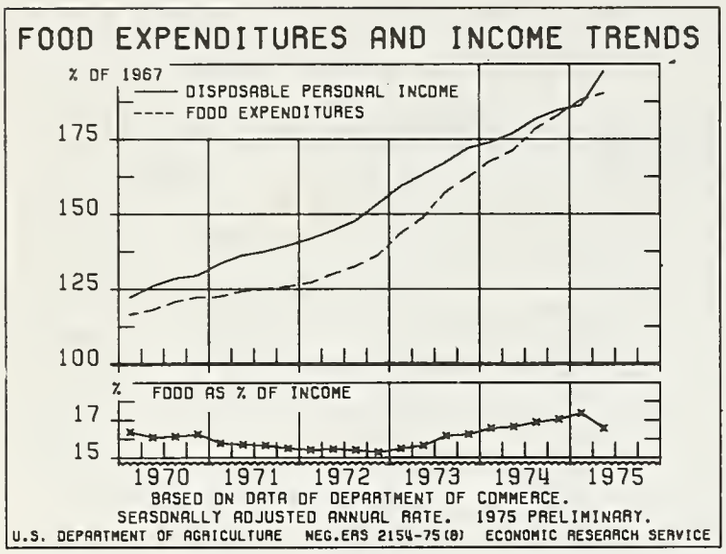

Figure 9

year. Most of the increased allocation to services was due to a 0.4 percentage point increase in household operations. The proportion spent on nondurables excluding food declined due to a decline in the proportion spent on clothing. The proportion spent on durable goods declined as a result of a smaller proportion being spent on all major categories of durable goods.

Proportion of total consumer expenditures

Item	Second quarter	
	1974	1975
	Percent	*Percent*
Food, excluding alcoholic beverages	18.5	19.2
Nondurables excluding food	24.7	24.5
Clothing and shoes	8.6	8.4
Gas and oil	4.2	4.2
Other	11.9	11.9
Durables	14.9	13.9
Automobiles and parts	5.8	5.3
Other	9.1	8.6
Services	41.9	42.4
Housing	14.4	14.6
Household operation	5.9	6.3
Transportation	3.0	3.1
Other	18.6	18.4

Personal Consumption Expenditures for Food and Consumer Expenditures on Food Originating on U.S. Farms[1]

Personal consumption expenditures for food published by the Department of Commerce excludes foods purchased on business expense accounts, and that served in hospitals and institutions and includes foods which are imported from foreign countries. In addition to that series, the Department of Agriculture publishes a series on consumer expenditures representing the market value of farm foods originating on U.S. farms. It differs from the series published by the Department of Commerce in that it excludes imported foods and includes foods purchased by institutions and on business expense accounts. The personal consumption expenditure series is more comprehensive in the type of food covered, but the market value of U.S. farm foods is more comprehensive in the type of markets covered. Along with that series, USDA publishes the marketing bill, an estimate of the total cost of transporting, processing, and distributing U.S. farm originated foods purchased by civilian consumers. It is the difference between consumer expenditures and farm value. The marketing bill statistics show the distribution of consumer expenditures between the marketing system and farmers and the distribution of marketing costs among commodity groups, marketing agencies and individual cost components.

During 1974, civilian consumers spent $147.6 billion on U.S. farm foods, 12 percent more than in 1973. The marketing bill for farm food products rose to $92 billion in 1974, up 12 percent from 1973, the largest increase recorded. Increases in the marketing bill over the years have been due to growth in volume of food marketed, increases in marketing services and the cost of performing these services. Increased marketing services involve the use of more highly prepared foods, such as convenience foods, and more eating out. Increased costs of marketing services reflect rising costs of inputs such as labor and packaging materials.

The major cost components of the marketing bill are: Labor, packaging, transportation, advertising, capital costs, profits and taxes.

Total labor costs for marketing domestic farm food products increased by 15 percent to $46 billion, and represented half the total marketing bill in 1974. The increase in labor costs reflected growing employment in the industry, some increases in volume, and increases in hourly wage rates.

The cost of food packaging materials in 1974 is estimated at $11.0 billion, an increase of 10.7 percent over 1973. Packaging costs remain at 12 percent of the marketing bill where it has been for a number of years.

The estimated cost of shipping farm food products rose dramatically due to higher transportation rates. The estimated cost of shipping by truck and rail during 1974 rose 18 percent to $7.2 billion after remaining constant at $6.1 billion in 1972 and 1973.

Advertising costs rose slightly over the previous year; capital cost which include depreciation, rent and interest rose 10 percent.

[1]Excerpt from Crawford, Terry and Weiser, Andrew, "The Bill for Marketing Farm Food Products," *Marketing and Transportation Situation*, MTS-198, August 1975.

Before-tax corporate profits rose 15 percent to $5.3 billion; after-tax profits rose by more than half. In total, profits are a small proportion of the marketing bill, however, profits per unit generally have increased steadily over the years.

In 1974, business taxes rose to $3.7 billion, more than double 10 years ago. Social Security payments and rates were again increased in 1974. There has also been an increase in local taxes, especially real estate taxes.

USDA Food Programs

Food Stamp Program

Participation in the Food Stamp Program reached a peak of 19.5 million participants in April and declined slightly during the next two months. In June, participation was 19.2 million. The decline was due to a decline in nonpublic assistance participation during the three month period in response to a more favorable employment situation. Public assistance participation held steady, averaging 8.7 million during the quarter.

Participation during the past year has risen dramatically. Expansion in the program was due to a combination of internal growth and project switching from the Food Distribution Program to the Food Stamp Program. As of January 30, Puerto Rico switched completely from Food Distribution. During the past twelve months about a fifth of the participation increase can be attributed to projects switching from the Food Distribution Program and the remainder to internal growth. June participation levels were 42 percent higher than in June 1974. The rapid growth became especially apparent in December 1974 when nearly 1½ million participants joined the Food Stamp Program, the largest monthly increase in the program's history.

Most of the increase in Food Stamp Program participation during the past year was due to increased nonpublic assistance participation. Public assistance participation has risen 18 percent while nonpublic assistance increased 70 percent. The increased participation among nonpublic assistance families is primarily due to increases in unemployment that occurred during the period, an increase in the family income that may be received and still qualify to participate, and increased awareness and acceptance of the program. In November 1974 nonpublic assistance participation exceeded public assistance participation for the first time. By June, nonpublic assistance participants represented 55 percent of total Food Stamp Program participation.

The value of bonus stamps issued during April-June was 59 percent higher than the same period in 1974. This was due to the increase in participation during the past 12 months and semiannual cost of living adjustments, one in July 1974 and a second in January 1975. During the second quarter the value of bonus stamps totaled 1.3 billion dollars. The combined value of the bonus stamps and the stamps purchased by the recipient was $2.1 billion. Thus, purchases with food stamps represent 6 percent of personal consumption expenditures for food at home.

On July 1 a semiannual adjustment in the food stamp allotment was made to reflect increased food costs. As a result, the monthly coupon allotment for a family of four increased from $154 to $162 a month, a 5.2 percent increase. Eligibility for the program is based upon the ability to purchase a nutritionally adequate diet at no more than 30 percent of family income. So when food costs increase, the maximum family income allowed to participate in the program also increases. For a family of four the maximum income was increased from $513 to $540 a month.

Family Food Distribution

Participation in the family food distribution program averaged 87,000 during April-June 1975. Those remaining in the program are on Indian reservations, the Trust Territory, and four counties in Washington State. The value of commodities was $3.5 million during April-June and includes expenditures for the Nutrition Program for the Elderly.

Women, Infants, and Children's Program

Participation in the WIC program averaged nearly 450,000 during April-June, an increase of 100,000 over the previous three month period. Expenditures for the program increased by one-third.

Child Nutrition

An average of 25 million children participated in the school lunch program during the 1974-75 school year (September 1974 through May 1975). This increase in participation was due to an increase in the number of schools participating in the program. Despite a decline in participants that pay full price, total participation was 2 percent higher than for the 1973-74 school year. Of those participating, 40 percent received free or reduced-price lunches compared with 37 percent the previous year. Average participation in the school breakfast program rose from 1.4 million children in the 1973-74 school year to 1.8 million during the 1974-75 school year, again mainly due to an increase in the number of schools participating in the program.

Federal cash expenditures on the school lunch program during July 1974 through June 1975 totaled 1.3 billion, a 17.6 percent increase over a year earlier.

Expenditure increases were due to increases in

Table 3.--Federal cost of USDA food programs, 1971-75

Year	Food stamps		Food distribution 2/			Child nutrition 5/				WIC 6/	Total 7/
	Total issued	Bonus stamps 1/	Needy families	Schools 3/	Other 4/	School lunch	School breakfast	Special food	Special milk		
	Million dollars										
1971	3,103	1,699	318	297	40	645	22	34	92	--	3,146
I	738	412	85	110	10	186	7	3	30	--	843
II	774	420	82	36	11	169	15	6	23	--	753
III	777	423	76	43	9	72	2	21	11	--	658
IV	815	443	75	108	9	218	7	4	28	--	892
1972	3,615	1,980	271	283	40	764	28	44	91	--	3,501
I	846	460	76	120	9	252	8	4	30	--	960
II	873	472	72	44	11	195	7	8	22	--	830
III	938	524	65	40	9	91	3	27	12	--	771
IV	960	525	58	79	10	227	10	4	28	--	940
1973	4,049	2,209	217	266	42	969	44	52	64	--	3,865
I	999	546	59	91	10	297	12	5	30	--	1,051
II	992	537	52	51	11	230	9	9	23	--	922
III	1,007	554	59	33	10	115	6	33	1	--	810
IV	1,052	572	47	92	11	327	17	5	10	--	1,082
1974	5,860	3,492	114	390	37	1,157	68	90	88	32	5,467
I	1,316	794	47	129	9	367	20	9	21	1	1,396
II	1,353	798	37	65	10	274	16	15	16	6	1,238
III	1,490	886	17	63	7	139	8	54	15	10	1,199
IV	1,701	1,014	13	133	10	376	24	12	36	15	1,634
1975 I	2,002	1,228	4	145	11	423	27	13	38	19	1,908
II 8/	2,092	1,271	4	77	8	336	23	20	32	24	1,795

1/ Includes Food Certificate Program. 2/ Cost of food delivered to State distribution centers. 3/ Includes Special Food Services. 4/ Includes supplemental food, institutions. 5/ Money donated for local purchase of food. Excludes nonfood assistance. 6/ Special Supplemental Food Program for Women, Infants, and Children begun January 1974. 7/ Excludes those food stamps paid for by the recipient. 8/ Preliminary.

participation, an increase in the proportion of free or reduced-price meals served, and an increase in the average reimbursement rate per meal, up from 32.1¢ in the 1973-74 school year to 35.8¢ in the 1974-75 school year. Federal expenditures for the school breakfast program rose by 39 percent, from $58.9 to $82.1 million during the 1974-75 school year. These increased costs also reflect larger participation, increased average reimbursement rates per meal served, and an increase in the proportion of free and reduced-price breakfasts served, up from 85.3 to 87.0 percent in 1974-75. In addition to cash expenditures for food, food donations to schools increased 31 percent.

Total Food Expenditures on USDA Food Programs

USDA expenditures for food programs totaled $1.8 billion during April-June (table 3). While down seasonally from the first three months of the year, expenditures were 45 percent above the same three month period in 1974. USDA expenditures for food were equivalent to 4 percent of total personal expenditures for food.

PER CAPITA FOOD CONSUMPTION

A sharp reduction in the consumption of animal-related food products will account for almost all of the nearly 1½ percent decline in per capita food consumption now estimated for 1975. Supplies of fed beef, pork, and poultry products have been severely constricted this year because of tight supplies and high costs for livestock feeds resulting from the drought-reduced harvest of feed grains and soybeans in 1974. Crop related food consumption per person likely will be down fractionally from 1974 (table 4).

Per capita consumption of animal-related foods in 1975 is now expected to be only slightly above the depressed level of 1973 and down nearly 2½ percent last year. Compared to the record high of 1971, consumption of livestock-related foods may be down over 4 percent in 1975. A sharp reduction for pork and grain fed beef will more than offset an increase for other beef and veal, so that total red meat consumption in 1975 will be down nearly 4 percent. Poultry, eggs, and animal fat consumption per person will also be down significantly. Small increases for dairy products and fish may be partially offsetting.

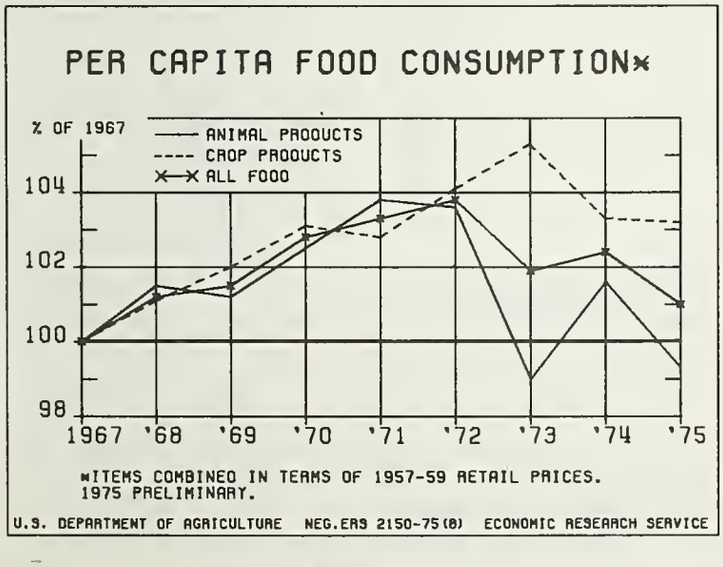

Figure 10

Among crop products, per capita consumption of sugar and sweeteners in 1975 will be down about 8 percent from last year. Consumption of vegetable oils and coffee and cocoa may also drop significantly. However, higher consumption of processed fruits and vegetables, fresh fruit, and potatoes may be nearly offsetting, leaving total consumption of crop-related foods essentially unchanged from 1974 and about 2 percent below the record high of 1973.

Per capita consumption of livestock-related food products (seasonally adjusted) fell significantly between the winter and spring quarters. The 4 percent decline reflected a 6 percent drop in red meat consumption as well as lower poultry and dairy consumption. Eggs stayed about the same.

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock products	Meat
		1967=100	
1973	I	100.6	100.7
	II	97.9	97.2
	III	95.6	93.2
	IV	99.6	100.5
1974	I	101.2	102.4
	II	101.9	106.9
	III	100.9	104.2
	IV	101.1	105.6
1975	I	101.1	104.0
	II	97.1	98.0

Commodity Reviews

Meat—Per capita meat consumption during April-June was also at the lowest level since the summer of 1973. While this drop mainly reflects reduced output, meat imports were also smaller and meat exports increased. The consumption rate of 44 pounds per person in April-June was down about 3 pounds from both the first quarter and year-earlier levels. Per capita beef consumption was about 2 pounds lower than the record fall and winter level and about a pound below second quarter 1974. Pork consumption was down 3 pounds from last year. Veal and lamb

Table 4--Per capita food consumption index, 1967-75 1/
(1967=100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	122	109	94	105	100
1973	98	107	117	91	99	78	127	110	93	110	102
1974	105	109	111	89	98	78	121	105	98	107	103
1975 4/	101	105	112	84	99	74	117	102	100	116	108

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee, tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	108	102	89	123	98	108	98	103.6	104.1	103.8
1973	100	113	104	82	126	98	109	96	99.0	105.3	101.9
1974	100	109	103	82	126	96	106	91	101.6	103.3	102.4
1975 4/	99	113	104	84	128	97	97	88	99.3	103.2	101.0

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

consumption during April-June remained near their first quarter levels.

Although third quarter meat consumption could increase 1-2 pounds per person from the low second quarter level, consumption will still fall short of last summer's 47 pounds. Beef and veal consumption likely will increase relative to both the previous quarter and a year earlier. But pork consumptions may continue to drop with third quarter output likely to be down about a fifth from the same quarter last year. By fall, red meat consumption might be almost back to the first quarter level of 46-47 pounds per person, and only 1-2 pounds short of last year. Pork consumption will remain low but further increases are in prospect for beef and veal.

Total red meat consumption in 1975 likely will dip 7-8 pounds from the 188 pounds per person consumed in 1974 (table 6). Higher beef consumption expected this year plus some increase in veal consumption likely will be more than offset by around an 18 percent reduction in pork consumption and lower lamb and mutton consumption. Pork consumption could be down about 12 pounds per person from 1974 to 55 pounds, the smallest in 40 years.

Poultry—Poultry consumption will drop in 1975 because of reduced broiler and turkey production. Per capita consumption was down about 6 percent from a year earlier in the second quarter of 1975 (table 5). Consumption is expected to continue to lag year-earlier levels during the third quarter with a slight pickup in the fourth quarter. For the year, per capita chicken consumption may drop about a pound, while turkey consumption is expected to decline about half a pound below the 8.8 pounds last year.

Broiler and turkey production became more profitable in recent months as feed prices eased and product prices rose. Broiler meat output has increased more than chick placements indicated. Second quarter output in Federally inspected plants rose 12 percent from the first quarter but was still 2 percent below a year earlier. Third quarter broiler meat output may exceed the 2.1 billion pounds for July-September 1974. A continuing gain in the number of eggs set for hatching indicates that October-December broiler marketings will be moderately above the reduced levels of late 1974.

Turkey output is rising seasonally but continues to run well below a year ago. Output through June in Federally inspected plants was down 20 percent. Third quarter output will rise seasonally but will stay below July-September 1974. Producers have sharply increased poult production relative to 1974 in recent weeks, meaning moderately larger turkey meat output this fall than the reduced levels of October-December 1974. However, second-half turkey supplies will be moderately below a year earlier. The expected gain in fall output will not be large enough to offset the lower summer output.

Fish[1]—Fish consumption per person in 1975 will be fractionally higher than the 12 pounds per person consumed in 1974 (table 6). Whereas 1974 was a year of burdensome supplies, 1975 has seen a return to more normal levels and, in some cases, shortages. The quantity of all fish and shellfish in cold storage on July 31 was some 27 percent below a year earlier.

Sharply lower imports, resulting from declining foreign catches, have been primarily responsible for the overall drop in supplies, although lower domestic catches have also been recorded. While there are some exceptions—notably cod fillets, crabs, and tuna—supplies of most individual fishery products are well below prior year levels.

The outlook for seafoods in the coming months will be determined in large part by the quality of imports received. There is no indication at the present time that the low import situation will change significantly in the next several months. This will be particularly true of blocks, shrimp, and salmon. Fillets will probably only approximate the 1974 total. It is further doubtful that domestic catches can be sufficiently increased to ease the situation. Supplies of many items, therefore, will generally be limited during the rest of the year.

Species such as shrimp and salmon which are experiencing significantly short supplies, will likely record lower consumption figures this year. For other species such as those utilized for fillets, consumption in the second half of the year may increase modestly, but large increases will likely be limited by relatively low supplies.

Dairy—Per capita consumption of dairy products is expected to increase about 1 percent in 1975. Milk production likely will recover and show some increases during late 1975 and early 1976. Rising farm milk prices could result in milk-feed price relationships considerably improved from late 1974.

Pushed by fluid milk, butter, and ice cream, total sales of dairy products were strong at mid-year. After staying relatively stable for years, ice cream sales boomed by about a tenth during the first half of 1975. Fluid sales in major urban markets continued to post gains of about 3 percent at mid-year while butter sales, although slowing, stayed well above a year earlier. American cheese sales were below a year ago, but show signs of recovery.

For the year, ice cream consumption per capita may rise about a pound and fluid milk may increase about 5 pounds. Cheese consumption may rise fractionally.

Eggs—Use of eggs is expected to decline about 12-14 from the 287 eggs per person consumed in 1974, continuing the downtrend of recent years.

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[1]Information supplied by Economic and Market Research Division, National Marine Fisheries Service, U.S. Department of Commerce.

Table 5.--Livestock products: Per capita consumption indexes, quarterly, 1969-75 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy products: Excluding butter	Dairy products: Including butter	Animal fats including butter	Total livestock products 2/
1969 I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.7	99.2	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	100.6	99.7	82.4	102.5
IV	107.5	131.7	94.3	100.2	99.7	85.6	106.1
1973 I	100.9	95.6	92.4	99.7	99.2	82.5	98.8
II	95.3	101.7	91.5	100.7	99.8	78.8	96.8
III	93.3	107.1	87.6	100.3	99.3	75.7	95.9
IV	102.2	124.1	91.5	100.1	99.0	76.9	102.2
1974 3/ I	102.6	99.0	89.5	98.8	97.9	79.5	99.4
II	104.8	108.0	88.6	97.9	96.7	75.3	100.8
III	104.3	107.6	87.6	99.6	98.7	78.5	101.2
IV	107.4	120.1	88.6	98.4	97.5	77.2	103.7
1975 3/ I	104.2	91.2	86.6	99.2	98.3	77.3	99.3
II	96.0	101.8	83.7	99.4	98.0	72.2	96.0

1/Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973.

2/Excludes fish and honey.

3/Preliminary

Egg production in the first 7 months of 1975 totaled 104 million cases, a little more than 4 percent below the same months of 1974. Layer numbers have gained on 1974 levels in recent months and are expected to continue to gain gradually in coming months. The hatch of egg-type chicks 5-6 months previous indicates about 6 million fewer pullets will enter laying flocks during the remainder of this year than during the same period in 1974. Thus, the culling of old hens will have to remain below year-earlier levels for any significant gains in layer numbers to materialize.

Production is expected to average around 4 percent below year-earlier levels in July-September but may be down only 2-3 percent in October-December.

Fats and Oils—During 1975, per capita consumption of edible food fats is expected to total about 50 pounds, down about 2 pounds from 1974. Sharp declines in the use of cooking and salad oils, along with smaller reductions in shortening, lard and margarine use, account for the decrease. Butter consumption may remain unchanged.

The decline in the per capita use of edible food fats is related to the high prices for food fats and oils and partly to other economic factors such as inflation and the recession.

Peanut supplies are now at record levels and edible use in the 1975/76 marketing year is expected to increase about 4 percent. However, edible use in calendar year 1975 is expected to total about 1.2 billion pounds, about a tenth below the previous year. This amounts to a per capita rate of about 6 pounds, about a pound below the record high of the previous year. The decline was due to cutbacks in consumption of peanut butter, salted peanuts, and peanut candy.

Fruit—Total per capita fruit consumption appears likely to rise again in 1975. Per capita use of processed items is expected to increase this year resuming the upward trend of other recent years after dropping in 1974. Consumption of fresh fruit is expected to rise further this year, following a sharp increase in 1974, and may reach the highest level in 5 years.

Larger supplies of noncitrus fruit are currently indicated for 1975. August 1 production prospects indicated noncitrus fruit production will be 5 percent above last year's utilized levels.

This year's total U.S. commercial apple production is forecast at a record 7.3 billion pounds, exceeding the previous high of 6.7 billion utilized in 1969. This harvest would be 13 percent more than utilized last year and 17 percent above 1973. Among other noncitrus fruit, the U.S. grape crop is forecast at 4.3 million tons. This is 2 percent above 1974 but 2 percent below the previous record set in 1965. California's table varieties will be down 19 percent from last year, but increases of 11 percent for wine and 2 percent for raisin varieties are more than offsetting. Total peach production may be up 3 percent from the 1974 utilized crop, although California's Clingstone crop, used mostly for canning, is 5 percent below the 1974 harvest. U.S. pear production is expected to register a 2 percent increase over last year's utilized crop, with Bartlett pear production on the West Coast about 5 percent above 1974.

With the exception of canned pineapple and apricots, substantially larger stocks of canned noncitrus fruit will be carried into the 1975 pack year. The larger inventories coupled with good pack prospects indicate the total supply for the 1975-76 marketing year will be large. Supplies of dried fruit also are likely to remain large for the new season,—especially for raisins and prunes, the two leading items.

Remaining quantities of Valencia oranges for fresh marketing this summer are substantially larger than a year earlier. Despite larger supplies, U.S. on-tree returns to growers for all oranges (fresh and processed) have averaged above year-earlier levels since April, reflecting good demand for both fresh oranges and orange products.

Utilization of the 1974/75 citrus crop for processing so far this season has been above last season, due mainly to increases in processing of oranges and lemons. Grapefruit processing will be below year-earlier levels, reflecting a smaller crop. Output and movement of frozen and chilled citrus juices have been larger while they have generally lagged for canned citrus products. Although supplies of processed citrus products are large, f.o.b. prices are generally above year-earlier levels.

Vegetables—Per capita vegetable consumption in 1975 likely will rise about 1 percent. A boost in processed use relative to the reduced level of 1974 should offset a small decline in fresh use.

With larger packs of canned sweet corn, tomatoes, and tomato products expected, along with relatively stable wholesale prices, some gain in per capita canned vegetable use is likely during the rest of 1975. Frozen vegetable use is likely to rise too, especially since prospective supplies will be equal to, or slightly larger than the adequate-to-generous supplies of last season.

On the fresh vegetable side, fragmentary data at this time suggest slightly smaller supplies of onions and celery this summer. Among the major crops, there is less acreage in onions, broccoli, carrots, celery, and peppers, but more lettuce, tomatoes, sweet corn, and cucumbers. For the year, total fresh vegetable consumption may be down 1 percent.

Fall crop potato acreage is 8 percent smaller than a year earlier. Flood losses in the Red River Valley, a 13 percent cut in the Maine acreage, and a 6 percent decline in Idaho are responsible. Partly offsetting are gains in Washington, Oregon and Nevada. Based on the latest 5-year acreage yields, U.S. fall output would decline 9 percent from 1974. The first sweet-potato production forecast calls for 1 percent more output this year.

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1972	1973	1974	1975 indications as percentage of 1974
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight):	160.9	178.3	189.0	175.7	188.0	96
Beef	85.1	106.5	116.1	109.6	116.8	103
Veal	6.1	3.8	2.2	1.8	2.3	148
Lamb and mutton	4.8	3.9	3.3	2.7	2.3	87
Pork (excluding lard)	64.9	64.1	67.4	61.6	66.6	82
Fish (edible weight)	10.3	10.6	12.4	12.7	12.0	101
Poultry products:						
Eggs (farm basis)--Number	334	320	307	294	287	95
Chicken (ready-to-cook)	27.8	36.5	42.0	40.7	41.1	98
Turkey (ready-to-cook)	6.2	8.6	9.0	8.5	8.8	93
Dairy products:						
Cheese	8.3	10.1	13.2	13.7	14.6	101
Condensed and evaporated milk	13.7	9.0	6.4	6.0	5.6	86
Fluid milk and cream (product weight)	321	303	298	293	284	102
Ice cream (product weight)	18.3	17.8	17.4	17.5	17.5	105
Fats and Oils--Total, fat content	45.3	49.4	54.2	54.4	52.3	96
Butter (actual weight)	7.5	5.5	4.9	4.8	4.6	100
Margarine (actual weight)	9.4	10.5	11.3	11.3	11.3	97
Lard	7.6	5.4	3.8	3.4	3.2	84
Shortening	12.6	15.9	17.7	17.3	17.0	97
Other edible fats and oils	11.5	15.2	19.8	20.8	19.4	95
Fruits:						
Fresh:	93.4	81.0	77.0	75.6	78.1	102
Citrus	33.7	31.6	27.2	27.3	27.1	102
Apples (commercial)	18.3	16.2	17.4	14.5	15.8	109
Other (excluding melons)	41.4	33.2	32.4	33.8	35.2	99
Processed:						
Canned fruit	22.6	22.6	21.4	21.3	19.7	111
Canned juice	13.0	11.7	15.5	15.9	14.7	100
Frozen (including juices)	9.1	10.1	10.4	11.2	11.3	108
Dried	3.1	2.8	2.1	2.6	2.9	107
Vegetables:						
Fresh 2/	105.9	98.2	98.3	100.2	101.2	99
Canned, excluding potatoes & sweetpotatoes	43.4	49.0	52.2	54.3	52.7	103
Frozen, excluding potatoes	7.0	9.0	10.0	10.7	10.2	105
Potatoes, fresh equivalent	108.4	108.0	119.2	116.5	115.9	101
Sweetpotatoes, fresh equivalent	7.1	5.8	5.1	5.1	5.6	95
Grains:						
Other:						
Coffee (Green beans)	15.8	14.8	13.9	13.7	12.8	96
Tea	.59	.69	.77	.79	.80	101
Cocoa beans	3.6	4.2	4.4	4.2	3.7	95
Peanuts (shelled)	4.9	5.7	6.2	6.6	6.4	102
Dry edible beans	7.3	6.9	6.4	6.5	6.9	101
Melons	25.8	22.3	21.9	21.7	19.0	103
Sugar (refined)	97.6	97.3	103.0	102.1	97.0	90
	Mil.	Mil.	Mil.	Mil.	Mil.	
Civilian population 4/	178.1	195.2	206.5	208.1	209.7	101

1/Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August. 2/Commercial production for sale as fresh produce. 3/Includes white, whole wheat, and semolina flour. 4/July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

Reserve

Cereal and bakery products—Consumption of cereal and bakery products may rise slightly in 1975, following a decline of about 2 percent in 1974. Last year's decline in consumption was associated with rapid retail price increases fueled by higher costs for flour, sugar, vegetable oils, and other ingredients as well as rising processing and distribution costs. With prices for this class of products much more stable in 1975, a small upturn in per capita consumption is expected.

Sugar—This year's per capita refined sugar consumption level, estimated to be less than 90 pounds, down from 97 pounds in 1974, will be the lowest in three decades. Not since the sugar-short years during and following World War II (1942-46) has U.S. per capita consumption fallen below 90 pounds. This year's decline is being attributed to consumer resistance to high sugar prices and high prices for sugar-containing products.

On August 1, total domestic sugar stocks were down over 300,000 tons from a year earlier. U.S. beet sugar stocks of 670,000 tons (raw value) were down 122,000 tons from the 1974 stock level of 792,000 tons. Cane sugar stocks (excluding raw cane mill stocks) of 476,000 tons were down over 200,000 tons.

The 1975/76 world sugar crop may be 4 to 6 million tons larger than the 87½ million short tons (raw value) produced in 1974/75. Prospects for a 9 percent expansion of sugarbeet acreage reported in Europe and a 24 percent expansion in the United States promise a particularly large gain for beet sugar.

U.S. imports will be down sharply from the 5.8 million tons, raw value, imported last year. Imports from foreign countries may total less than 4.0 million tons, the lowest level since the 3.63 million tons imported in 1964. For the first 7 months, total imports totaled 2.25 million tons, down sharply from the 3.54 million tons a year ago.

Coffee, tea, and cocoa—Per capita coffee consumption will likely be down ½ pound from 1974, continuing the long-term downtrend in consumption.

Freezing weather in mid-July severely damaged coffee trees in Brazil. While the frost had little effect on the size of the 1975 Brazilian crop—23 million bags, now largely harvested—next year's crop will be sharply reduced. Next year's Brazilian crop, which was expected to be about 25-28 million bags before the freeze, may be less than half that amount.

The current 1975/76 world coffee crop is now expected to total about 72 million bags (132.3 pounds each), 8 percent below the year before. Much of this drop will result from the smaller 1975/76 Brazilian crop. The remainder of the decline is expected to come from poorer crops in Colombia, El Salvador, Angola, and the Ivory Coast.

Exportable production (total harvested output less estimated domestic use in producing countries) is estimated at about 53 million bags, down 12 percent from last year. World import demand for the 1975/76 crop year may total 57-58 million bags, causing a reduction in world stocks.

Per capita tea consumption is expected to increase .01 pound this year (dry leaf basis), up from 0.80 pound last year. However, higher coffee prices, and continuing high soft drink prices, may enhance the relative position of tea, and contribute to a continuation of the upward trend in per capita consumption.

Cocoa consumption likely will average about 3.5 pounds per person, down 0.2 pounds from last year.

SUPPLY AND UTILIZATION

Net supplies of U.S. farm food commodities, consisting of net production, imports, and changes in inventories, are expected to be down slightly this year (table 7). Net production of U.S. farm food commodities is expected to increase 11 percent over 1974, reaching record levels. However, inventory accumulation and a decline in imports from last year will reduce the supply available for use in 1975.

Domestic, food use which accounts for about four-fifths of total net utilization is expected to decrease about 1 percent. A 2 percent decrease in domestic food use of livestock commodities will be responsible for much of the decline in the 1975 index of net utilization. Domestic food use of crop commodities may show little change from last year.

Exports of total farm food commodities will remain well below their record high of 1973, but may increase by about 2 percent from the 1974 level. Exports of livestock food commodities may be up sharply from last year although they account for less than a tenth of total food commodity exports. Crop food exports may rise slightly with the increase for food grains nearly offset by declines for feed grains and soybeans.

Total production of crop food commodities, based on the August crop report, is expected to be record large in 1975, exceeding last year's drought-reduced harvests by nearly a sixth and the previous record output of 1973 by 5 percent. Most of the increase in crop food production is associated with grains and oilseeds. Production of feed grain is expected to rise by 25 percent and food grains by nearly 18 percent, while oilseed output may be up about 14 percent from 1974.

Most of this year's increased production, however, represents crops which are harvested in the summer or fall and marketed over a full year or longer after harvest. Consequently, much of the crop production occurring in 1975 will have relatively more impact on next year's utilization patterns and food supplies. By

Table 7--Livestock, crop and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1970-75 1/

Year	Supply			Total annual utilization	Utilization					
					Domestic use					Exports and shipments 4/
					Food		Non-food		Total	
	Production	Imports 2/	Stocks 3/		Civilian	Military	Seed and feed	Other		
	A--All food commodities indexes: (1967=100) 5/									
1970	98.4	105.4	120.7	105.7	105.8	70.2	---	90.6	104.5	114.0
1971	108.0	110.8	111.8	107.6	108.4	62.6	---	98.7	107.1	111.7
1972	104.7	115.0	123.3	111.1	109.7	49.8	---	92.5	107.8	135.2
1973	106.9	115.4	118.4	113.7	106.6	39.2	---	102.8	105.0	178.1
1974	105.9	105.1	112.0	113.0	109.2	36.1	---	103.4	107.4	154.4
1975	117.6	100.6	102.1	112.4	107.7	36.9	---	109.1	106.2	157.7
	Livestock food commodities (1967=100)									
1970	103.5	124.6	97.5	104.8	105.8	71.6	103.0	95.8	104.7	108.7
1971	106.1	116.8	106.9	107.4	108.5	61.4	99.1	89.9	106.9	127.8
1972	105.6	134.1	102.4	107.7	109.2	49.3	99.6	92.2	107.3	121.5
1973	100.6	145.0	93.1	102.6	104.5	37.0	97.5	81.8	102.4	109.9
1974	105.4	119.2	103.2	106.5	108.9	34.6	94.5	89.9	106.5	106.0
1975	103.5	115.8	111.6	104.8	106.8	35.2	92.3	91.6	104.6	116.3
	Crop food commodities (1967=100)									
1970	98.1	100.6	121.9	109.3	105.8	64.9	114.8	88.2	108.6	114.7
1971	113.5	109.3	112.1	111.0	108.0	67.2	117.5	103.0	111.3	109.5
1972	111.6	110.2	124.4	119.8	110.6	51.9	126.8	92.7	115.9	137.1
1973	119.4	108.0	119.7	128.1	111.2	47.3	121.1	112.9	114.8	187.7
1974	108.5	101.7	112.4	119.5	109.8	42.0	112.0	109.8	110.2	161.2
1975	125.7	96.9	101.6	114.7	109.7	43.5	95.6	117.6	103.8	163.5
	B--All food commodities: Percentage of annual utilization 5/									
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	83.9	1.1	---	2.6	87.6	12.4
1972	87.7	10.7	1.6	100.0	82.4	.8	---	2.3	85.5	14.5
1973	87.4	10.5	2.1	100.0	78.2	.6	---	2.5	81.3	18.7
1974	87.2	9.6	3.2	100.0	80.5	.6	---	2.6	83.7	16.3
1975	97.4	9.2	-6.6	100.0	79.9	.6	---	2.7	83.2	16.8
	Livestock food commodities: Percentage of annual utilization									
1970	96.4	3.9	-.3	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972	95.7	4.1	.2	100.0	93.2	1.1	1.9	1.2	97.4	2.6
1973	95.7	4.6	-.3	100.0	93.6	.8	2.0	1.2	97.5	2.5
1974	96.5	3.7	-.2	100.0	93.8	.8	1.9	1.2	97.7	2.3
1975	96.3	3.6	.1	100.0	93.5	.8	2.0	1.3	97.4	2.6
	Crop food commodities: Percentage of annual utilization									
1970	81.1	13.4	5.5	100.0	43.2	.4	34.5	2.7	80.8	19.2
1971	92.5	14.3	-6.8	100.0	43.4	.4	35.0	3.1	81.9	18.1
1972	84.2	13.4	2.4	100.0	41.1	.3	35.0	2.6	79.0	21.0
1973	84.2	12.3	3.5	100.0	38.6	.3	31.3	2.9	73.1	26.9
1974	82.0	12.4	5.6	100.0	41.0	.2	31.0	3.1	75.3	24.7
1975	99.1	12.3	-11.4	100.0	42.6	.3	27.6	3.4	73.9	26.1

1/ Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-67 data see NFS-136. 2/ Includes shipments from U.S. Territories. 3/ Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/ Includes shipments to U.S. Territories. 5/ Feed and seed omitted from total commodities to avoid double counting of use through livestock. 6/ Preliminary.

Reserve

Table 8.--Livestock, crop, and total farm food commodities: Supply-utilization farm equivalent aggregates 1/
(Million Dollars)

Year	Supply			Total annual utilization	Utilization					
					Domestic Use					Exports and shipments
					Food		Non-food		Total	
	Production	Imports	Stock changes 2/		Civilian	Military	Seed and feed	Other		
	A.--All food commodities									
1967	31,439	3,486	-1,133	33,792	28,177	628	---	951	29,756	4,036
1968	31,515	3,886	-918	34,483	28,863	615	---	954	30,432	4,051
1969	31,637	3,532	-520	34,649	29,395	524	---	958	30,877	3,772
1970	30,964	3,672	1,099	35,735	29,829	438	---	862	31,129	4,606
1971	33,943	3,862	-1,428	36,377	30,535	393	---	939	31,867	4,510
1972	32,924	4,010	613	37,547	30,898	313	---	880	32,091	5,456
1973	33,615	4,022	799	38,436	30,025	246	---	978	31,249	7,187
1974	33,304	3,665	1,231	38,200	30,758	227	---	983	31,968	6,232
1975	36,964	3,508	-2,496	37,976	30,341	232	---	1,038	31,611	6,365
	B.--Livestock food commodities									
1967	20,792	698	-171	21,319	19,577	497	440	308	20,822	497
1968	20,906	761	97	21,764	20,000	496	425	314	21,235	529
1969	20,991	794	89	21,874	20,175	424	440	314	21,353	521
1970	21,529	870	-56	22,343	20,701	354	453	295	21,803	540
1971	22,054	815	27	22,896	21,243	305	436	277	22,261	635
1972	21,964	936	55	22,955	21,384	245	438	284	22,351	604
1973	20,920	1,012	-60	21,872	20,461	184	429	252	21,326	546
1974	21,921	832	-50	22,703	21,311	172	416	277	22,176	527
1975	21,516	808	26	22,350	20,909	175	406	282	21,772	578
	C.--Crop food commodities									
1967	17,445	2,810	-962	19,293	8,600	131	6,380	643	15,754	3,539
1968	17,718	3,148	-1,015	19,851	8,863	119	6,707	640	16,329	3,522
1969	18,100	2,761	-609	20,252	9,220	100	7,037	644	17,001	3,251
1970	17,189	2,825	1,155	21,169	9,128	84	7,324	567	17,103	4,066
1971	19,795	3,071	-1,455	21,411	9,292	88	7,494	662	17,536	3,875
1972	19,461	3,098	558	23,117	9,514	68	8,087	596	18,265	4,852
1973	20,829	3,034	859	24,722	9,564	62	7,729	726	18,081	6,641
1974	18,923	2,857	1,281	23,061	9,447	55	7,148	706	17,356	5,705
1975	21,930	2,724	-2,522	22,132	9,432	57	6,100	756	16,345	5,787

1/ Quantities weighted by 1957-59 farm prices.
2/ Negatives indicate stock increases, positives signify withdrawals.

the same token, much of this year's food supply situation was shaped by the short crops of 1974.

With beginning-year inventories sharply reduced and much of this year's production not available for use until late in the year, total utilization of crop food commodities likely will be down about 4 percent in 1975. A 5 percent reduction in crop imports, primarily resulting from a 30 percent drop for sugar and a 9 percent decline for bananas, will also contribute to the decline in available supplies for 1975.

Most of the decline in total use of crop food commodities this year will be associated with cutbacks in domestic livestock feeding. Total feed use is expected to be down sharply from a year earlier. In contrast, direct domestic food use in 1975 is likely to remain essentially unchanged from 1974.

The index of crop food exports for calendar year 1975 may be up only about 1½ percent from 1974. Wheat exports, which account for over a third of total crop food exports likely will be up about 16 percent. This increase reflects, in part, large purchases by the Soviet Union. However, the full impact of Russian wheat purchases on utilization patterns within the United States will not be complete until next year. Exports of rice and fruits and vegetables may also be higher. However, exports of soybeans and soybean products which account for almost a fifth of crop food exports are expected to be down by over 21 percent from 1974. Feed grain exports may also show a small decrease for calendar year 1975.

Ending inventories of crop food commodities are expected to increase by a fifth in 1975. This will be the first year since 1971 in which end of year stocks have increased.

Total output of livestock commodities in 1975 is now expected to be down about 2 percent from last year. This reduction is mainly a response to the tight supply, high price situation for animal feeds during the past year. Pork production has been most seriously affected with output likely to be down 16-18 percent. Smaller declines are likely for poultry, meat, and eggs. The output of grain-fed beef is also expected to be down sharply for the year. However, record high slaughter of cattle and calves with little or no grain feeding likely will be more than offsetting, pushing total beef and veal output up about 5 percent.

ANNOUNCEMENT

Situation and outlook information concerning sugar and other sweeteners, which has appeared in the *National Food Situation* in recent years, is being expanded into the *Sugar and Sweetener Situation* which will be published quarterly by the Economic Research Service, USDA, beginning August 27.

The *Sugar and Sweetener Situation*, to be published in August, November, February, and May will include current information about sugarbeets, sugarcane, sugar, corn sweeteners—corn sirup, dextrose and high-fructose corn sirup (HFCS), honey, saccharin, sugar-containing products, molasses, and cocoa and chocolate. This new situation will discuss trends and the situation and outlook for prices, production, imports, stocks, and consumption.

Persons currently receiving the *National Food Situation* will be mailed the first two issues of the *Sugar and Sweetener Situation*. Those who wish to continue to receive it should request their names be placed on the *Sugar and Sweetener Situation* mailing list by writing to: Automated Mailing List Section, Office of Plant and Operations, U.S. Department of Agriculture, Washington, D.C. 20250.

*(Note: A form to add names to the new mailing list is on the back page of the *Sugar and Sweetener* Situation.)

Table 9--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products			Meats			Poultry	Fish	Dairy	Processed foods and feeds							Industrial commodities	All commodities
	Eggs	Fresh and dried fruits and vegetables 2/	Total 3/	Beef and veal	Pork	Total				Processed fruits and vegetables 2/	Vegetable oil end products	Cereal and bakery products	Sugar and confectionary	Beverages 4/	Total 5/	All food 6/		
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	125.9	134.7
1974	160.6	192.3	187.7	158.6	162.3	159.6	157.3	204.6	146.4	154.6	224.8	171.2	258.9	140.7	170.9	174.4	153.8	160.1
January	197.8	184.5	202.6	183.5	172.3	177.8	145.7	215.3	145.1	139.3	177.2	166.3	151.8	125.6	162.1	163.9	135.3	146.6
February	186.8	214.5	205.6	175.9	173.8	175.1	176.2	222.6	147.6	140.7	192.8	169.5	167.1	126.0	164.7	170.4	138.2	149.5
March	167.8	210.6	197.0	163.0	154.7	160.1	165.2	211.9	151.2	141.2	206.1	172.3	190.2	129.3	163.0	168.7	142.4	151.4
April	158.7	226.9	186.2	156.1	143.3	151.9	143.9	222.4	154.1	142.8	192.2	167.1	189.8	132.3	159.1	166.9	146.6	152.7
May	126.0	236.8	180.8	155.8	135.2	147.5	150.8	206.8	146.9	145.2	210.8	167.1	215.8	134.5	158.9	167.7	150.5	155.0
June	124.7	204.4	168.6	140.6	125.2	135.7	138.1	198.3	142.9	148.3	210.6	166.0	240.7	138.4	157.4	163.4	153.6	155.7
July	132.0	186.9	180.8	166.1	171.3	165.0	150.6	205.4	141.7	157.7	218.5	168.9	246.7	143.6	167.6	172.6	157.8	161.7
August	149.6	162.6	189.2	172.4	173.9	169.1	150.4	197.9	142.4	162.7	258.4	169.3	270.4	146.2	179.7	176.9	161.6	167.4
September	169.8	163.2	182.7	159.3	169.9	161.3	170.3	196.8	144.8	165.6	253.7	169.7	297.9	147.8	176.8	178.2	162.9	167.2
October	167.8	166.2	187.5	149.6	178.2	160.2	158.5	192.1	146.4	170.0	270.6	176.2	315.3	152.6	183.5	182.0	164.8	170.2
November	164.9	186.9	187.8	140.6	172.9	155.4	172.1	190.6	146.8	171.1	259.7	179.7	419.8	154.2	189.7	192.3	165.8	171.9
December	181.1	163.7	183.7	139.8	176.6	156.0	165.5	194.7	146.7	170.1	246.9	181.9	401.4	158.2	188.2	189.2	166.1	171.5
1975																		
January	168.7	174.9	179.7	148.2	183.7	161.9	169.7	193.1	148.3	171.2	247.2	182.3	358.2	162.6	186.4	188.4	167.5	171.8
February	162.4	174.6	174.6	142.7	181.8	159.0	170.5	206.5	148.5	170.9	239.5	183.6	347.3	162.2	182.6	185.6	168.4	171.3
March	166.3	163.8	171.1	143.7	180.4	159.0	164.6	203.2	148.6	169.5	231.1	181.9	303.0	162.2	177.3	180.4	168.9	170.4
April	140.0	183.4	177.7	167.7	181.9	171.6	165.9	208.3	148.9	170.8	223.1	179.1	280.1	161.7	179.4	181.9	169.7	172.1
May	145.5	183.1	184.5	189.4	201.7	189.8	175.1	216.8	149.6	171.0	215.5	176.2	239.6	161.0	179.0	182.4	170.3	173.2
June	137.9	206.7	186.2	202.3	206.5	199.3	186.5	217.5	150.5	170.9	206.7	174.4	217.8	160.4	179.7	184.3	170.7	173.7
July	139.7	208.6	193.7	201.0	231.5	208.0	208.9	225.2	153.2	169.4	203.8	176.7	228.4	159.4	184.6	189.8	171.2	175.7
	Seasonally adjusted 8/																	
1974																		
January	175.4	183.0	200.6	182.0	166.8	176.6	152.5	210.8	144.5	139.4	179.0	---	154.7	---	161.1	163.1	---	---
February	188.9	204.9	200.4	169.0	165.9	168.8	179.0	217.5	147.2	141.3	192.4	---	167.8	---	162.6	169.5	---	---
March	161.8	205.7	193.5	156.9	157.1	158.7	157.2	206.6	149.4	142.3	205.1	---	190.2	---	161.5	166.2	---	---
April	166.0	213.3	187.9	155.2	154.2	154.5	148.7	221.1	153.3	142.9	195.1	---	191.3	---	161.4	167.2	---	---
May	147.5	216.7	180.8	154.0	143.3	150.1	150.0	210.3	147.2	144.9	213.4	---	215.2	---	160.0	168.3	---	---
June	139.8	188.6	164.5	137.0	127.6	135.3	138.0	207.5	144.3	147.7	213.2	---	236.7	---	156.0	163.5	---	---
July	145.9	184.1	180.8	159.5	160.0	157.5	137.1	208.1	142.0	158.0	222.1	---	245.5	---	166.9	171.2	---	---
August	153.3	176.4	186.8	171.1	166.2	163.3	146.3	202.0	144.0	162.4	255.8	---	266.4	---	177.9	175.5	---	---
September	156.1	186.3	184.4	161.0	167.7	160.9	157.3	198.5	145.5	155.9	247.0	---	295.5	---	177.0	178.2	---	---
October	168.5	181.8	193.1	157.9	176.9	164.3	162.6	194.2	146.1	170.3	263.7	---	314.7	---	185.0	185.1	---	---
November	160.6	186.3	194.0	153.9	180.8	164.4	178.7	186.7	146.7	169.5	256.6	---	422.3	---	193.8	195.3	---	---
December	157.2	172.3	186.1	144.8	179.0	160.8	185.2	191.4	146.3	169.6	251.2	---	406.3	---	188.2	189.9	---	---
1975																		
January	149.6	173.5	177.9	146.6	177.3	160.5	178.4	189.3	147.7	171.4	249.7	---	365.1	---	185.3	187.4	---	---
February	164.2	161.4	170.2	137.1	173.9	153.3	174.3	201.9	148.1	171.6	239.0	---	348.7	---	180.3	184.9	---	---
March	160.4	160.0	168.1	138.1	183.1	157.6	156.2	198.0	146.8	170.9	230.0	---	303.0	---	175.7	177.6	---	---
April	146.4	172.4	179.3	166.9	196.0	174.7	171.7	206.9	148.2	171.0	226.5	---	282.4	---	182.0	182.3	---	---
May	170.7	167.5	184.5	187.5	214.3	193.5	174.1	220.3	149.9	170.7	218.1	---	238.9	---	180.3	183.1	---	---
June	154.6	190.4	181.7	197.0	210.9	198.9	186.3	228.2	152.0	170.2	209.2	---	214.2	---	178.1	184.5	---	---
July	154.4	205.5	193.7	193.1	216.8	198.5	189.9	228.4	153.5	169.7	207.1	---	227.3	---	183.9	188.3	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

Bureau of Labor Statistics.

Reserve

Table 10--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home															Food away from home	All food	Consumer Price Index, less food	Consumer Price Index 5/
	Meats			Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables			Cereal and bakery products	Sugar and sweets	Beverages	Total				
	Beef and veal	Pork	Total 2/						Fresh	Processed	Total								
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	---	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	99.5	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.7	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.4	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	126.3	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
1974	168.5	161.0	164.1	146.9	187.7	160.8	151.9	179.3	162.6	170.6	165.8	166.1	195.2	155.6	162.4	159.4	161.7	143.6	147.7
January	168.6	173.5	169.9	157.0	180.4	191.0	146.3	147.9	148.5	151.5	149.7	149.7	140.3	137.3	154.3	151.6	153.7	135.6	139.7
February	181.3	174.0	176.3	154.7	182.6	194.1	149.3	152.5	154.5	158.0	155.9	154.4	149.5	139.1	159.0	152.6	157.6	136.8	141.5
March	178.4	169.0	173.1	152.0	185.2	175.8	151.5	162.2	162.3	162.8	162.5	158.6	162.0	142.0	160.6	153.7	159.1	138.4	143.1
April	170.0	158.2	164.8	147.0	186.9	160.4	153.7	169.8	159.6	168.0	163.0	161.4	169.6	145.7	159.4	155.6	158.6	139.6	143.9
May	165.8	148.8	158.7	138.7	187.1	133.2	154.6	171.0	181.8	171.6	177.7	164.3	175.9	149.3	160.4	157.1	159.7	141.3	145.5
June	163.9	141.2	154.8	135.8	187.1	128.4	153.8	172.2	190.3	172.3	183.1	165.3	184.1	153.8	160.9	158.6	160.3	142.9	146.9
July	161.0	145.9	154.0	136.2	188.2	127.8	151.6	172.3	189.2	172.6	178.7	166.7	195.1	158.1	160.6	160.4	160.5	144.4	148.0
August	169.0	158.8	162.8	140.1	187.4	146.0	150.7	179.6	162.9	176.0	168.2	168.2	203.4	163.8	163.0	161.9	162.8	146.1	149.9
September	172.9	164.8	166.7	148.1	188.6	162.2	151.1	198.5	152.7	178.2	162.9	170.4	212.1	166.5	165.5	163.1	165.0	147.8	151.7
October	166.8	164.0	163.5	147.0	190.4	172.2	151.7	203.7	151.6	178.4	162.4	174.7	226.5	169.2	166.5	164.7	166.1	149.1	153.0
November	163.7	166.8	163.0	150.9	193.6	166.2	152.7	210.2	154.7	178.7	164.3	177.6	245.2	170.2	168.3	166.2	167.8	150.4	154.3
December	160.1	167.1	161.7	154.9	194.8	172.6	155.3	212.6	149.6	178.7	161.3	181.7	279.0	172.7	170.3	167.6	169.7	151.3	155.4
1975																			
January	158.5	170.0	161.9	152.8	195.7	172.6	155.2	214.7	153.6	178.3	163.5	185.3	281.0	175.3	171.4	169.0	170.9	151.8	156.1
February	156.6	169.6	160.9	152.0	197.2	172.1	155.6	214.9	159.2	177.9	166.7	187.3	273.9	177.0	172.0	170.5	171.6	153.0	157.2
March	153.3	170.5	159.7	151.8	197.1	153.5	155.4	213.1	159.9	178.7	167.4	189.1	269.5	177.8	171.4	171.3	171.3	153.9	157.8
April	154.6	170.0	160.2	148.9	197.3	158.2	154.8	209.7	160.9	178.2	167.8	188.9	255.7	178.0	171.0	172.2	171.2	154.9	158.6
May	166.4	175.6	167.9	149.8	199.1	144.6	153.6	203.0	164.7	175.4	169.0	187.0	246.0	175.3	171.6	172.8	171.8	155.6	159.3
June	176.6	187.9	177.8	157.7	200.4	137.2	153.3	195.8	179.0	175.0	177.4	185.2	236.8	174.9	174.9	173.1	174.4	156.6	160.6
July	186.4	204.9	188.5	172.8	202.9	144.6	153.4	191.7	198.4	174.7	188.8	184.6	228.9	174.1	179.9	174.2	178.6	157.6	162.3
	Seasonally adjusted																		
1974																			
January	172.0	174.7	172.3	157.9	180.8	173.8	146.2	148.3	154.4	151.7	153.4	150.2	140.7	137.9	155.4	151.8	154.6	135.7	140.0
February	180.8	171.4	175.6	154.9	182.2	182.4	148.6	153.1	157.2	157.8	157.2	154.2	149.9	139.5	158.5	153.1	157.4	137.1	141.6
March	175.4	165.0	169.2	149.2	184.5	171.5	150.7	162.0	161.7	162.5	161.9	158.0	161.5	142.4	159.2	154.2	158.2	138.7	143.1
April	167.7	159.5	163.8	144.3	185.8	163.8	153.1	169.6	156.6	167.3	161.1	160.8	168.3	146.0	158.9	155.9	158.3	139.9	144.0
May	166.1	154.4	160.6	139.5	186.7	145.3	154.1	171.2	174.5	171.6	173.7	163.8	175.0	149.2	160.4	157.3	159.7	141.3	145.5
June	165.1	144.1	156.5	136.9	187.1	146.4	153.8	173.6	175.6	172.6	174.5	165.6	183.5	153.3	160.9	158.8	160.3	142.8	146.8
July	158.0	144.2	152.2	135.8	188.4	140.7	152.2	174.2	166.4	173.5	169.1	167.0	194.9	157.3	159.8	160.4	159.4	144.4	148.0
August	166.0	157.5	161.5	139.7	188.7	150.5	151.6	180.0	157.1	176.0	163.9	168.7	204.0	163.3	162.4	161.6	162.2	146.2	149.7
September	169.8	162.4	164.7	145.1	189.7	154.8	151.9	197.9	161.2	177.3	167.4	170.9	212.7	166.3	165.3	162.9	164.8	147.7	151.5
October	167.8	162.2	163.0	146.6	191.4	165.3	152.5	202.5	162.1	178.2	169.5	174.5	228.1	168.7	167.7	164.2	166.9	148.8	152.8
November	166.9	167.0	164.5	153.7	192.8	165.9	152.9	208.1	162.3	179.1	169.4	177.8	244.7	170.4	169.7	165.7	168.8	150.1	154.3
December	165.7	169.5	165.3	159.7	194.2	161.6	154.7	210.9	160.3	179.1	168.2	182.1	280.4	173.2	171.7	167.3	170.4	151.1	155.5
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January	161.7	171.2	164.2	153.7	196.1	157.1	155.0	215.3	159.7	178.5	167.5	185.9	281.8	176.0	172.6	169.2	171.9	152.0	156.5
February	156.1	167.1	160.3	152.2	196.8	161.7	154.8	215.8	162.0	177.7	168.0	187.1	274.7	177.5	171.5	171.0	171.4	153.3	157.3
March	150.7	166.5	156.1	149.0	196.3	149.8	154.6	212.9	159.3	178.3	166.7	188.3	268.7	178.3	169.9	171.8	170.3	154.2	157.8
April	152.5	171.4	159.2	146.1	196.1	161.6	154.2	209.5	157.9	177.5	165.8	188.1	253.7	178.4	170.5	172.5	170.9	155.2	158.7
May	166.7	182.2	169.9	150.7	198.7	157.7	153.1	203.2	158.1	175.4	165.2	186.4	244.8	175.1	171.6	173.0	171.8	155.6	159.3
June	177.8	191.7	179.9	159.0	200.4	156.4	153.3	197.4	165.1	175.4	169.1	185.6	236.1	174.4	174.9	173.3	174.4	156.4	160.5
July	182.9	202.5	186.3	172.3	203.1	159.3	154.0	193.8	180.5	175.6	178.6	185.0	228.7	173.2	178.3	174.2	177.4	157.6	162.4

1/For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/Beef, veal, lamb and mutton, pork, and processed meat. 3/Includes butter. 4/Excludes butter. 5/Seasonally adjusted series derived by ERS.

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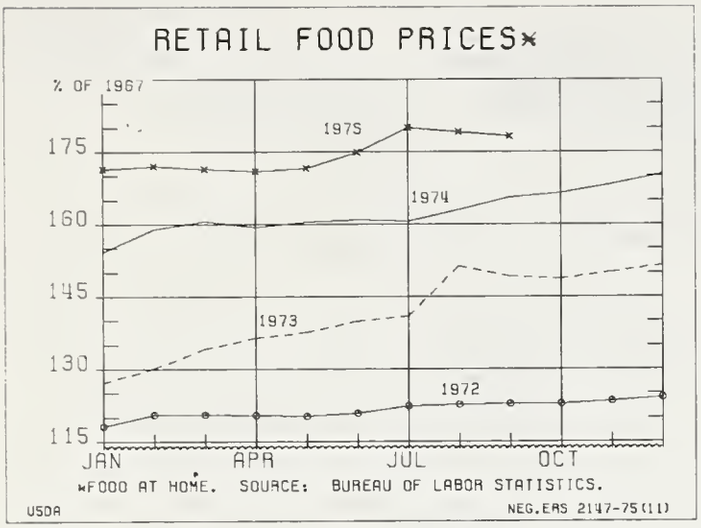

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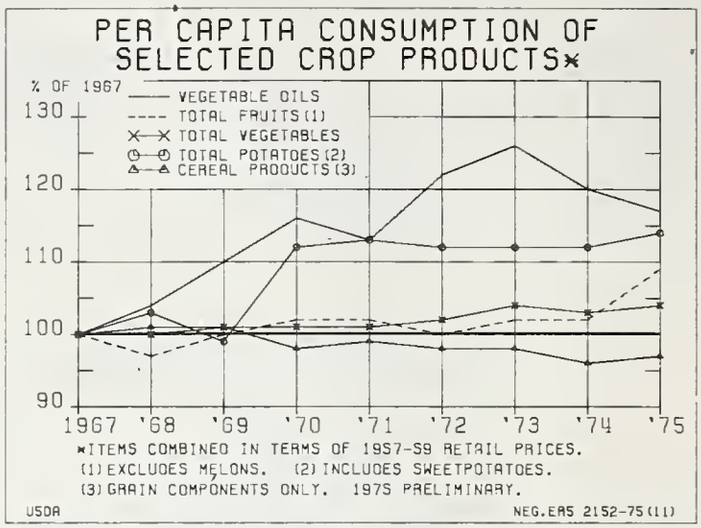

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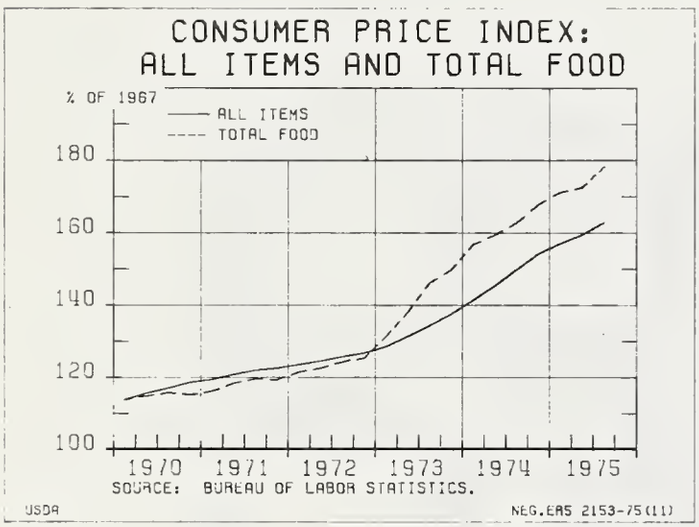

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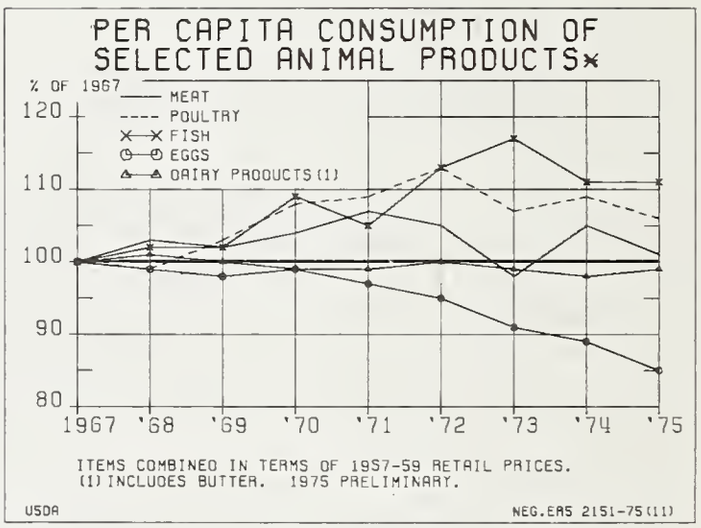

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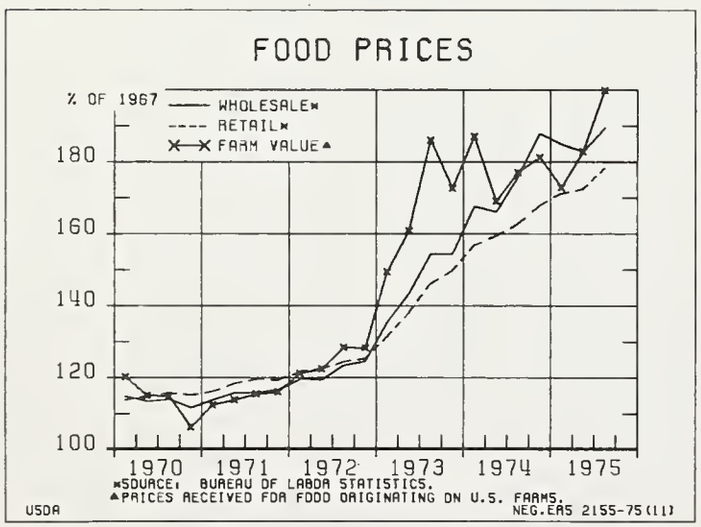

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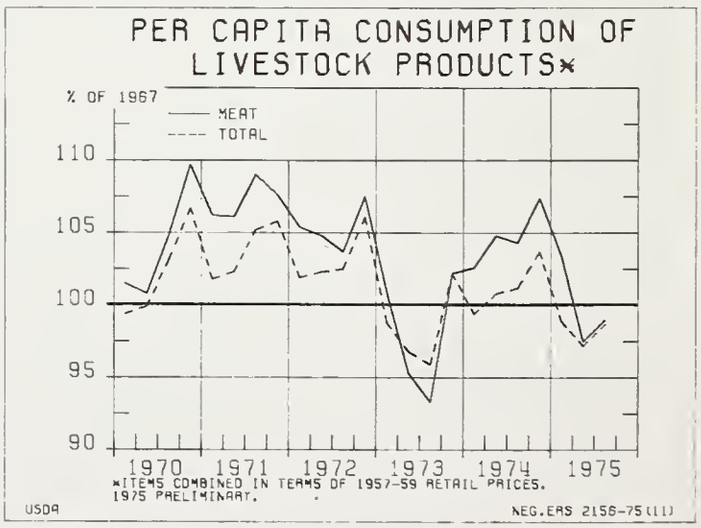

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NATIONAL FOOD SITUATION

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Approved by
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and Summary released
November 5, 1975

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SUMMARY

Smaller Rise for Food Prices

Fourth quarter retail food prices are expected to edge up slightly from July-September levels. While some commodities—notably beef, poultry, fresh fruits, and potatoes—may register price declines, increases are likely for other food categories, especially pork, fish, and dairy products.

Food prices this fall are expected to average about 8 percent higher than the fourth quarter of 1974. Pork and fresh vegetables likely will show the greatest increases from a year ago. Poultry, fishery items, dairy products, and non-alcoholic beverages may also register significant advances. Smaller price increases are associated with beef and veal, fresh fruits, processed fruits and vegetables, and cereal and bakery products. Prices for vegetable oil products as well as sugar and sweets are down from their high levels of a year earlier.

With prices for three-fourths of the year now reported and with little further price change likely during the fourth quarter, retail food prices for all of 1975 will average close to 9 percent above 1974. This compares with average increases of about 14½ percent for each of the preceding 2 years.

Higher farm prices, largely for meat animals, poultry and eggs, and dairy products, likely will account for about half of the 1975 food price rise. Wider marketing spreads, primarily associated with crop-related foods, will account for the remainder of the increase.

With 1975 U.S. crop harvests essentially complete, the outlook for food supplies and prices through mid-1976 will be heavily influenced by the manner in which these crops are utilized. Of particular importance is the extent to which livestock and poultry producers decide to increase output to utilize this year's larger feed crops. These decisions, in turn, will depend partly on the level of foreign demand for U.S. grain and soybeans. Total supplies of these commodities are large enough to permit both increased livestock feeding and increased exports, including reported and anticipated sales to the Soviet Union. However, the current uncertainty over the relative growth in these two outlets must be recognized.

Under the conditions which now seem most likely, food prices are expected to rise at an annual rate of 4-5 percent during the first half of 1976.

First quarter prices may rise at a slightly faster pace as output of meat and poultry declines seasonally in the face of strengthening domestic demand. However, the rate of increase is likely to slow in the second quarter as output of fed beef, pork, and poultry expands. Seasonal price increases for fruits and vegetables as well as higher marketing costs likely will account for most of the small average price advance expected for the second quarter.

Alternatively, if crop exports are lower than anticipated, food prices may increase only fractionally this winter as fed beef output expands and the seasonal drop in poultry output is smaller than now seems likely. Further recovery of livestock feeding including increased pork and poultry output, may result in a slight decline in average food prices in the spring. Even with higher exports than anticipated, food prices may still rise at a relatively slow rate during the first quarter as slaughter of cattle and calves with little or no grain feeding continues at a fast pace. But assuming high exports and reduced feeding, food prices likely would jump sharply in the second quarter as meat output would contract because of the earlier reduction of placements on feed and a slower upturn in pork production. Prices of crop-related foods would advance to reflect higher raw product costs.

Personal consumption expenditures for food rose 2.5 percent from the second to the third quarter to $184.4 billion, seasonally adjusted annual rate. Food purchased for use at home accounted for all of this increase, rising 3.3 percent to $146.1 billion. Expenditures for food eaten away from home declined 0.5 percent, the first decline in over a year. Compared with the third quarter a year ago, total personal consumption expenditures for food were up 10 percent. Expenditures for food at home were up 9.4 percent, while those away from home rose 12.3 percent. According to preliminary estimates, the share of income allocated to food expenditures averaged 17.1 percent during the third quarter compared with 16.9 percent a year earlier.

Per capita food consumption in 1975 may fall a little more than 1 percent to the lowest level in 7 years. A 2 percent reduction in consumption of animal-related food products accounts for most of the decline. Output of fed beef and pork, as well as poultry products earlier this year has been severely constricted because of tight supplies and high costs for livestock feeds resulting from the weather-reduced harvests of feed grains and soybeans in 1974. Crop-related food consumption per person in 1975 likely will be down fractionally from last year as higher prices and sluggish demand have limited product movement for many highly processed foods.

Total net utilization of farm food commodities in 1975 is estimated at about the same level as last year. A slight decline in domestic food use, which accounts for about four-fifths of net utilization, is being offset by increases in exports and nonfood uses. On the supply side, net production is expected to reach record levels. However, most of the production increase involves crops harvested during the last half of the year, with marketing seasons extending well into 1976. Consequently, much of the record production will show up as higher utilization in calendar year 1976.

FOOD PRICES

The Consumer Price Index for food in the third quarter of 1975 averaged 3½ percent above the previous quarter. Sharp increases about midyear left average summer food prices higher despite small declines in August and September (table 1). Grocery store food prices during the third quarter were up nearly 4 percent from the spring while prices for food away from home rose 1½ percent. The Consumer Price Index for all items less food averaged nearly 2 percent above the second quarter. Compared with the third quarter of 1974, the all food price index averaged 10 percent higher, while all items less food rose about 8½ percent.

The third quarter increase in food at home prices was largely due to higher farm prices. However, farm-retail spreads widened slightly in the third quarter following a sharp drop in the second quarter. Increased pressure from rising wages and prices of materials and services purchased by food marketing firms contributed to the wider spreads.

Changes in retail food prices, third quarter, 1975

Item	From second quarter 1975	From third quarter 1974
	Percent	*Percent*
Meat	12.7	17.7
Poultry	14.9	23.5
Fish	3.3	9.2
Dairy products	.5	2.4
Eggs	4.4	5.4
Fats and oils	-6.2	3.6
Fruits and vegetables	3.8	4.8
Sugar and sweets	-4.8	15.2
Cereal and bakery products	-2.2	8.6
Beverages	-.2	7.9
Other preparations	-1.2	7.2
Food at home	3.8	9.8
Food away from home	1.3	8.2
All food	3.3	9.5

Table 1--Consumer, wholesale, and farm price indexes, 1974-75
(1967=100)

Item	1974			1975			
						III	
	III	IV	Year	I	II	Index	Percent change from 1974 III
							Pct.
Retail prices: 1/							
All goods and services (CPI)	149.9	154.2	147.7	157.0	159.5	162.9	8.7
All items less food	146.1	150.3	143.6	152.9	155.7	158.5	8.5
All food	162.8	167.9	161.7	171.3	172.5	178.2	9.5
Food at home	163.0	168.4	162.4	171.6	172.5	179.0	9.8
Food away from home	161.8	166.2	159.4	170.3	172.7	175.0	8.2
Wholesale prices: 1/							
All commodities	165.4	171.2	160.1	171.2	173.0	176.7	6.8
Industrial commodities	160.8	165.6	153.8	168.3	170.2	172.2	7.1
Farm products	184.2	186.3	187.7	175.1	182.8	194.7	5.7
Processed food	177.2	189.8	173.2	186.8	183.5	190.5	7.5
All food 2/	175.9	187.8	174.4	184.8	182.9	189.5	7.7
Prices received by farmers 3/	181	182	184	168	177	189	4.4
Crops	215	223	214	194	190	201	-6.5
Livestock and products	157	154	164	152	168	182	15.9
Market basket of U.S. farm foods: 4/							
Retail cost	162.0	166.3	161.9	168.8	170.1	177.6	9.6
Farm-retail spread	152.4	156.7	152.0	166.3	162.0	163.6	7.4
Farm value	177.1	181.3	177.6	172.8	182.8	199.8	12.8

1/ Department of Labor, Bureau of Labor Statistics.
2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.
3/ Statistical Reporting Service.
4/ Economic Research Service.

Higher prices for livestock-related foods accounted for nearly all of the summer rise in food prices. Pork, beef, and poultry showed the largest increases from last spring, but fish, eggs, and dairy products were also higher. The retail price index for livestock-related foods averaged 8 percent above the previous quarter and 12 percent above the third quarter a year ago.

Average retail prices for crop-related foods declined fractionally between the spring and summer quarters. Drops for sugar and sweets, fats and oils, cereal and bakery products, processed fruits and vegetables, and partially prepared foods almost offset increases for potatoes and fresh fruits and vegetables. The crop-related retail food price index averaged about 7 percent above the third quarter of 1974.

1975 in Perspective

The rate of increase in retail food prices slowed markedly during the early months of 1975. Although food prices at the end of 1974 were about 12 percent above a year earlier, the average changed very little during the next 5 months. By May, the Consumer Price Index for food was up only about 1 percent from last December.

Declining prices for meat and poultry contributed most to the slower rate of increase in average food prices early this year. U.S. harvests of feed grains and soybeans had been sharply reduced in 1974 by extremely poor growing weather. Carryover stocks of these commodities were also low, partly due to strong export demand over the previous 2 years. The resulting tight supplies and high prices for livestock feeds prompted a rapid liquidation of hogs and sent large numbers of cattle directly to slaughter rather than to feedlots in late 1974 and early 1975. This large influx of meat coming to market, along with some softening in consumer demand as the economic recession deepened, not only affected prices for red meat but for poultry and dairy products as well.

With high feed costs and relatively low product prices, pork and poultry producers cut back output sharply. While total cattle slaughter remained high by historical standards, it declined seasonally in the spring as pastures and ranges improved. And, with a larger share of cattle slaughter made up of calves or lighter animals with no grain feeding, beef production also dipped. As the total supply of meat and poultry fell during the late spring and early summer, their prices rose sharply and accounted for the major share of the midyear bulge in average food prices.

In contrast to livestock products, prices of crop-related foods were generally rising at the beginning of 1975. Part of these increases represented a delayed pass-through of higher prices for crop commodities during the previous year. Rising costs associated with marketing services also contributed to higher retail prices in early 1975.

By spring, however, prices for crop-related foods had begun to move in essentially the reverse of the pattern for livestock-related foods. Evidence began to mount that U.S. crop producers had again geared up for all-out production in 1975 as they had attempted to do the year before. Export sales had fallen off due to generally improved crops abroad last year and to economic recessions gripping many other countries. Domestic sales of many highly processed food products were also lagging as a result of higher retail prices in the face of declining demand. Consequently, crop-related food prices began to decline gradually in the spring and continued to soften through the summer.

Weather was generally favorable for U.S. crops in 1975 despite some localized problems. However, some other parts of the world did not fare so well. In particular, grain production in the Soviet Union was severely reduced by drought and a number of European nations experienced serious weather problems.

Large grain purchases by the USSR early this summer resulted in a rapid run-up in grain and soybean prices. Since carryover stocks were low and the size of U.S. crop output was still in question, a temporary moratorium was placed on further sales to the Soviet Union. With the signing of a long-term agreement regarding grain sales between the United States and the USSR and greater certainty regarding the size of U.S. crops, this moratorium has since been lifted.

Food Price Outlook

With 1975 U.S. crop harvests essentially complete, the outlook for food supplies and prices through mid-1976 will be heavily influenced by the manner in which these crops are utilized. Of particular importance is the extent to which livestock and poultry producers decide to increase output utilizing this year's larger feed crops. These increases, in turn, will depend partly on the level of foreign demand for U.S. grain and soybeans. Total supplies of these commodities are sufficiently large to permit both increased livestock feeding and increased exports, including reported and anticipated sales to the Soviet Union. However, the uncertainty surrounding the relative growth in these two outlets must be recognized.

Fourth quarter retail food prices may average slightly above the previous quarter. Lower prices are likely for beef, poultry, fresh fruits, and potatoes. But increases for most other food categories, especially pork, fish, and dairy products, are likely to be more than offsetting.

Fourth quarter food prices are now expected to average about 8 percent above a year earlier. Pork and fresh vegetables likely will show the greatest

increases from a year ago with poultry, fishery items, dairy products, and non-alcoholic beverages also registering significant advances. Smaller price increases are associated with beef and veal, fresh fruit, processed fruits and vegetables, and cereal and bakery products, while prices for vegetable oil products as well as sugar and sweets are down from their high levels of a year earlier.

Changes in export demand and livestock feeding relative to the levels which now seem most likely are not expected to have much influence on average food prices in the fourth quarter. Smaller exports and faster recovery of livestock feeding would result in somewhat larger output of fed beef, pork, and poultry. But smaller increases in slaughter of cattle and calves with little or no grain feeding would be possibly offsetting during the next few months, resulting in only a slightly larger increase in average food prices than now appears likely. Conversely, the opposite conditions may result in a little less upward pressure on food prices, with the fourth quarter average showing little change from the third quarter.

Retail food prices for all of 1975 likely will average close to 9 percent above 1974. This compares with average increases of about 14½ percent for each of the two preceding years. With food prices for three-fourths of the year already established, further changes during the fourth quarter associated with alternative levels of export demand and livestock feeding would have very little effect on the average increase for all of 1975.

Food supplies and prices during the first half of 1976 likely will be more responsive to export demand and farm prices for grains and oilseeds. Under the most likely conditions, food prices might rise at an annual rate of about 4-5 percent during the first 6 months of next year. First quarter prices may rise at a slightly faster pace as output of meat and poultry declines seasonally in the face of strengthening domestic demand and increasing processing and marketing costs. However, the rate of increase is likely to slow from the first to the second quarters as output of fed beef, pork, and poultry expands. Seasonal price increases for fruits and vegetables as well as higher marketing costs probably will account for most of the small average price advance expected for the second quarter.

Alternately, if crop exports are lower than currently anticipated, food prices likely would increase only fractionally this winter as fed beef output expands and the seasonal decline in poultry production is smaller than currently expected. Further recovery of livestock feeding, including increased pork and poultry output, may result in a slight decline in average food prices in the spring.

Even with higher exports, food prices may still rise at a relatively slow rate during the first quarter as slaughter of cattle and calves with little or no grain feeding continues at a fast pace. But, with higher exports and reduced livestock feeding, food prices likely would jump sharply in the second quarter as meat output contracts and prices of crop-related foods advance to reflect higher raw product costs.

Wholesale Food Prices

The Wholesale Price Index for all foods in the third quarter averaged 3½ percent above the second quarter. Compared with the third quarter a year ago, the all-food index averaged about 7½ percent higher, slightly above the increase for industrial commodities. Farm products averaged 5.7 percent higher (table 12).

The quarterly increase for the all foods WPI was due to sharply higher prices for pork, poultry, and eggs. Some offset was provided by lower prices for sugar and sweets and processed fruits and vegetables. Beef, fish, and dairy products averaged considerably higher, but fresh produce, cereal, and beverages stayed about the same.

Commodity Reviews

Beef—The Consumer Price Index for beef rose about a tenth between the second and third quarters. The increase was due to reduced supplies of grain-fed beef and pork following last year's short grain harvest and the resultant sharp increase in feed costs. Retail prices peaked in July then fell in both August and September as supplies began to increase. Retail prices likely will continue declining during the fourth quarter as total beef output during October-December will be record large. Retail beef prices appear likely to rise moderately during the first half of 1976, reflecting seasonally smaller supplies, strengthening consumer demand, and higher marketing costs.

Pork—Retail pork prices rose 20 percent between the spring and summer quarters, and averaged 37 percent above the third quarter of 1974. The increase reflected lower pork supplies after hog farmers had trimmed inventories in response to last fall's reduced grain harvest and resultant high feed prices. Pork production this fall will remain well under a year earlier, keeping retail prices up through yearend. Hog production will begin to expand early next year and pork supplies may exceed year-earlier levels by late spring. Retail pork prices may decline slightly through the first half of 1976, although substantial reductions are not likely before midyear.

Poultry—Third quarter poultry prices averaged over 15 percent above the second quarter in response to higher red meat prices and strong demand. Retail prices for chicken will decline seasonally this fall, but turkey prices may show their usual seasonal advance. Some weakness in poultry prices seems likely for the first half of 1976 in response to higher production.

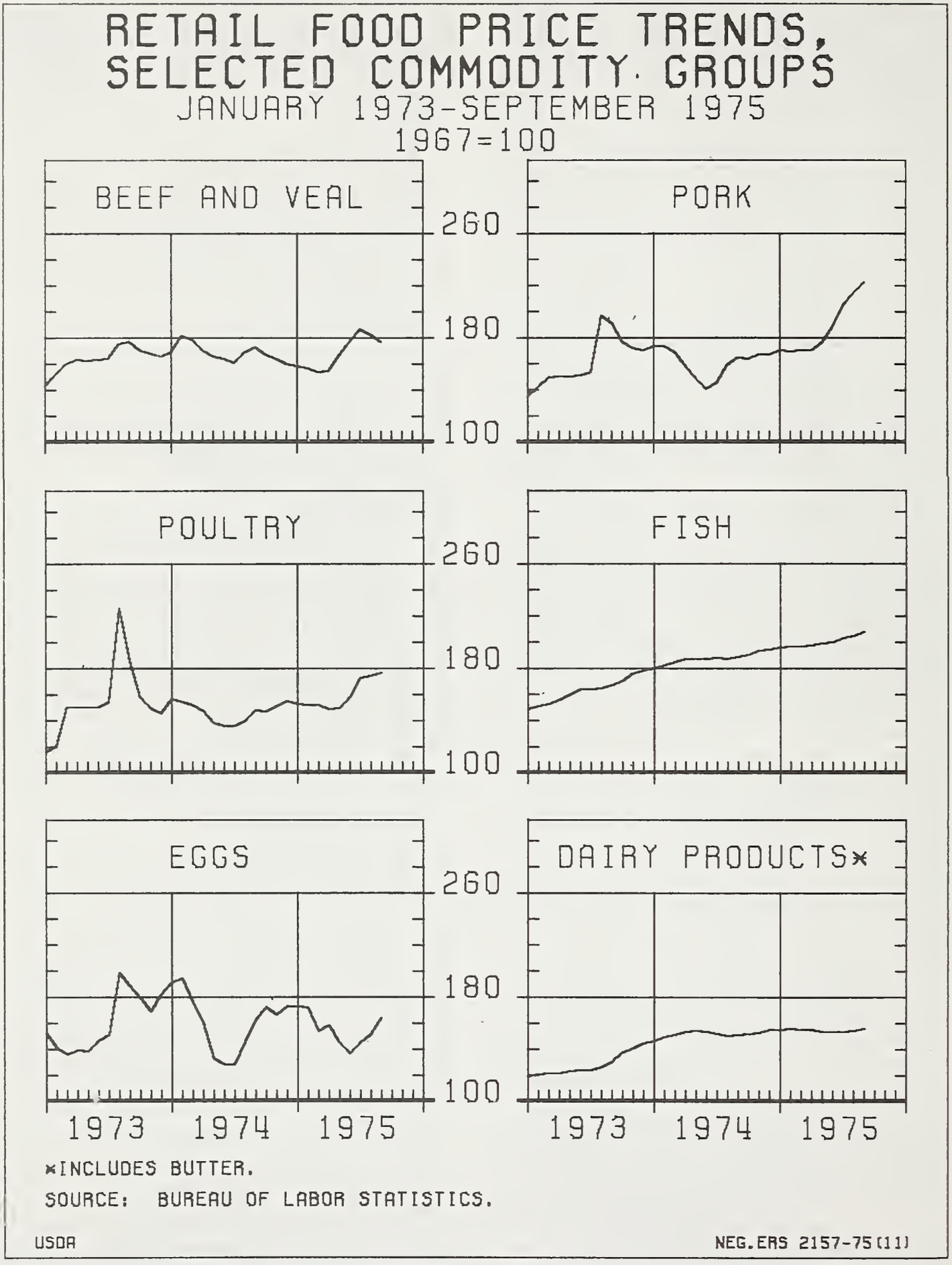
RETAIL FOOD PRICE TRENDS,
SELECTED COMMODITY GROUPS
JANUARY 1973-SEPTEMBER 1975
1967=100
BEEF AND VEAL
PORK
POULTRY
FISH
EGGS
DAIRY PRODUCTS*
260
180
100
1973
1974
1975
*INCLUDES BUTTER.
SOURCE: BUREAU OF LABOR STATISTICS.
USDA
NEG.ERS 2157-75(11)

Figure 7

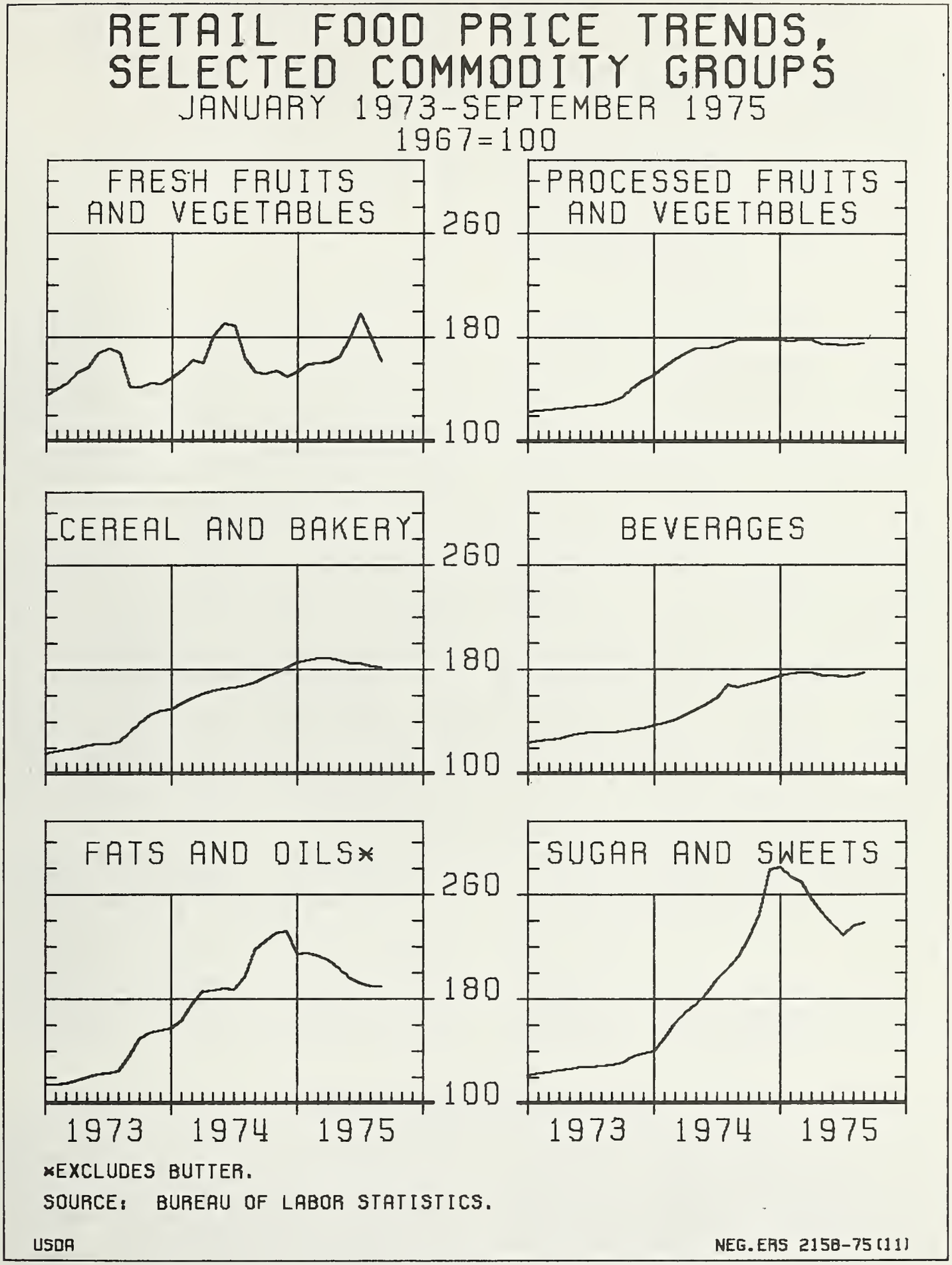
RETAIL FOOD PRICE TRENDS,
SELECTED COMMODITY GROUPS
JANUARY 1973-SEPTEMBER 1975
1967=100
FRESH FRUITS AND VEGETABLES
PROCESSED FRUITS AND VEGETABLES
CEREAL AND BAKERY
BEVERAGES
FATS AND OILS*
SUGAR AND SWEETS
260
180
100
1973
1974
1975
*EXCLUDES BUTTER.
SOURCE: BUREAU OF LABOR STATISTICS.
USDA
NEG.ERS 2158-75(11)

Figure 8

Eggs—Retail egg prices rose 4½ percent between the second and third quarters of 1975. Prices are expected to rise seasonally during the fourth quarter, but an expected increase in supplies may hold retail egg prices below year-earlier levels this fall and in the first half of 1976.

Fish—Retail fish prices last summer averaged over 3 percent above the spring level, and about 9 percent above 1974's third quarter. Demand for seafood products has been relatively strong, and supplies of fishery products have been tightening. Supplies are expected to remain tight during the remainder of 1975 and the first half of 1976, and further moderate price increases are likely.

Fats and oils—Retail prices for the major food fat products peaked in early 1975 and have since been sliding off. The third quarter CPI for fats and oils averaged about 6 percent below the second quarter. Average retail prices of shortening, margarine, and salad and cooking oils have dropped sharply since January. The prospective increase in soybean supplies this fall indicates an ample supply of edible oils in 1976 with prices of food fat products averaging somewhat below 1975 levels.

Dairy—Retail dairy prices rose 1 percent above the second quarter and averaged less than 3 percent above the third quarter of 1974. However, wholesale dairy product prices are up from spring lows, reflecting substantial declines in the output of a number of manufactured products, strong sales, and low-to-moderate stocks. A sharp increase at retail appears likely this fall. Retail dairy prices will continue to rise into early 1976, but the increase from a year earlier will not be abnormally large. Milk support prices were increased in October but are still below market prices and thus only have the effect of assuring that farm prices do not fall below the new price support level.

Cereal and bakery—Cereal and bakery product prices fell 2 percent from the second quarter, reflecting lower costs for major ingredients—particularly sugar and vegetable oils. Slightly higher prices appear likely in the fourth quarter because of rising grain prices last summer as well as higher marketing costs.

Beverages—Beverage prices fell fractionally in the third quarter. But prices are likely to increase slightly during the fourth quarter and keep on rising through the first half of 1976. Retail coffee prices are up in response to the severe freeze in Brazil which damaged or destroyed coffee trees, sharply reducing prospective coffee supplies for subsequent years. Higher marketing costs will also help push up prices.

Sugar and sweets—Third quarter retail prices for items in this category averaged nearly 5 percent below the second quarter of 1975. Retail prices may rise fractionally this winter, with slight further increases likely through the first half of 1976. Despite a significant increase in the 1975/76 world sugar crop, world stocks will remain relatively low.

Fruits and vegetables—Third quarter prices averaged about 7 percent above the second quarter. The increase largely reflected a nearly 50 percent advance for fresh potatoes in July due to an extremely tight supply situation during the early summer. In August and September potato prices dropped considerably but remained well above a year earlier. Other fresh vegetable prices in the quarter averaged only slightly above the previous quarter. Processed fruit and vegetable prices declined slightly for the third consecutive quarter, reflecting generally ample supplies.

Looking ahead, potato prices may remain near their late summer level through the fourth quarter rather than dropping as they usually do. The 1975 fall potato crop, which will provide the bulk of supplies through the winter and early spring of 1976, is estimated to be 8 percent smaller than last year's crop. Thus, potato prices will likely rise this winter and average well above a year earlier. Prices of other fresh vegetables likely will average moderately above summer levels during the fourth quarter, and about a fifth above a year earlier due to generally smaller supplies. Prices during the winter and spring may exhibit their normal seasonal rise.

Fresh fruit prices have declined from their summer highs this fall, but may remain a little above a year ago through the winter. Ample supplies are in prospect, but strengthening demand and higher marketing costs will be offsetting. Supplies of most processed fruits and vegetables are also larger than a year earlier. But with higher processing and marketing costs, retail prices may advance during the winter and spring if product movement increases as expected.

FOOD SPENDING AND INCOME

Preliminary estimates indicate that personal consumption expenditures for food rose 2.5 percent during the third quarter to $184.4 billion (seasonally adjusted annual rate). Food purchased for use at home accounted for all of this increase, rising 3.3 percent to $146.1 billion. Expenditures for food eaten away from home declined 0.5 percent, the first decline in over a year. Compared with the third quarter a year ago, total personal consumption expenditures for food were up 10 percent. This increase was less than the 13.5 percent annual increase posted during the third quarter of 1974 due primarily to the slower rise in food prices. Expenditures for food at home rose 9.4 percent

Table 2.--Expenditures for food in relation to disposable income, 1960 and 1965-75 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.4	91.6	12.3	25.2	3.4	116.8	15.7
1972	802.5	96.3	12.0	27.1	3.4	123.4	15.4
I	774.7	92.9	12.0	26.4	3.4	119.3	15.4
II	790.0	95.4	12.1	26.7	3.4	122.1	15.5
III	807.2	97.3	12.0	27.1	3.4	124.4	15.4
IV	838.1	99.7	11.9	28.2	3.4	127.9	15.3
1973	903.7	112.8	12.5	30.8	3.4	143.6	15.9
I	869.5	105.2	12.1	29.5	3.4	134.7	15.5
II	892.1	109.9	12.3	29.8	3.4	139.7	15.7
III	913.9	116.7	12.8	31.0	3.4	147.7	16.2
IV	939.4	119.6	12.7	32.8	3.5	152.4	16.2
1974	979.7	130.4	13.3	34.1	3.5	164.5	16.8
I	950.6	125.0	13.2	32.5	3.4	157.5	16.6
II	966.5	127.1	13.1	33.7	3.5	160.8	16.6
III	993.1	133.5	13.5	34.1	3.4	167.6	16.9
IV	1008.8	135.8	13.5	36.1	3.6	171.9	17.1
1975							
I	1017.4	139.5	13.7	37.0	3.6	176.5	17.3
II	1078.5	141.4	13.1	38.5	3.6	179.9	16.7
III 5/	1079.1	146.1	13.5	38.3	3.6	184.4	17.1

1/Quarterly data are seasonally adjusted annual rates. 2/Based on unpublished data of the Department of Commerce, and the Survey of Current Business and the National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/Includes food consumed on farms where produced. 4/Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/Preliminary.

while expenditures for food eaten away from home were up 12.3 percent.

When adjusted for price increases, expenditures for food have risen only fractionally above last year's levels. Total real food spending rose during the first two quarters of 1975, but declined during the third quarter due to cutbacks in both at home and away-from-home real food spending.

Change in food expenditures, third quarter, 1975 (Seasonally adjusted)

Item	From second quarter 1975	From third quarter 1974[1]
	Percent	*Percent*
Total food		
Current dollars	2.5	10.0
1958 dollars	-.4	.08
Food at home		
Current dollars	3.3	9.4
1958 dollars	-.1	-.7
Food away from home		
Current dollars	-.5	12.4
1958 dollars	-1.7	3.7

[1] Preliminary.

Disposable personal income rose only fractionally, up $0.6 billion to $1,079.1 billion during the third quarter, following a record 6.2 percent increase during the second quarter. The unusally large second quarter increase was caused by the rebates on 1974 Federal income taxes and the May 1 reduction in the Federal income tax rates. The percentage of income allocated to food expenditures rose to 17.1 percent during the third quarter after declining in the second quarter (table 2).

Quarterly changes in personal expenditures and disposable personal income (Seasonally adjusted)

Item	1974	1975		
	IV	I	II	III[1]
	Pct.	*Pct.*	*Pct.*	*Pct.*
Personal consumption expenditures	-.6	1.9	2.8	3.3
Durable goods	-11.3	3.5	4.6	6.4
Nondurable goods	.7	1.8	2.8	3.3
Food	2.6	2.7	1.9	2.5
Other	-.7	1.1	3.6	4.0
Services	1.9	1.6	2.2	2.3
Personal disposable income	1.6	.7	6.2	.1

[1] Preliminary.

Recent increases in personal income have helped insure that consumer demand continues to strenghten. Total personal consumption expenditures rose 3.3 percent in the third quarter following a 1.9 percent rise in the first quarter and 2.8 percent rise in the second. Much of this was due to stronger demand for durable goods which fell sharply during the fourth quarter last year. Spending on the other major categories of consumer goods has also increased during the year. Spending on durable goods gained 6.4 percent during the third quarter, due mainly to an 11 percent increase in automobile sales. Spending on furniture and household equipment rose nearly 3 percent. Nondurable goods, spending rose 3.3 percent, led by a 5.3 percent increase in gasoline and oil expenditures and a 3.6 percent increase in clothing expenditures. Spending on services rose 2.3 percent due to increases in all major types of services. Because spending rose at a faster rate than income, the savings rate declined from 10.6 percent to 7.7 percent.

Some major shifts in the allocation of personal consumption expenditures have occurred during the past year. Historically, the percent allocated to food has been declining. However, in 1973 and 1974 this trend was reversed due to rising food prices. The upward trend in the percentage of consumption expenditures allocated to food has continued through the third quarter of 1975. The percentage of consumption expenditures allocated to durable goods, primarily to automobiles, continues a downward trend started in 1974. Despite recent increases, automobile sales remain below 1973 levels. Consumers allocated about the same proportion of total consumption expenditures to all other major spending categories.

Proportion of total consumer expenditures

Item	Third quarter		
	1973	1974	1975[1]
	Percent	*Percent*	*Percent*
Food, excluding alcoholic beverages	18.1	18.6	19.0
Nondurables excluding food	24.0	24.5	24.7
Clothing and shoes	8.6	8.4	8.4
Gas and oil	3.5	4.2	4.3
Other	11.9	11.9	12.0
Durables	16.2	15.1	14.3
Automobiles and parts	7.3	6.2	5.7
Other	8.9	8.9	8.6
Services	41.7	41.8	42.0
Housing	14.4	14.2	14.4
Household operation	5.9	6.1	6.4
Transportation	2.9	2.9	3.0
Other	18.5	18.6	18.2

[1] Preliminary.

USDA Food Programs

Food Stamp Program

After reaching a peak in the second quarter, participation in the food stamp program has been declining seasonally. An average of 18.7 million people participated in the third quarter compared with an average of 19.2 million during the second quarter. While activity in the program generally declines during the summer months, reduced unemployment is also helping to keep participation in check.

Participation in the Food Stamp Program had begun to increase at a faster pace during the last quarter of 1974 when rising unemployment and the introduction of the program in Puerto Rico resulted in large numbers joining the program. A 1 percentage point increase in the unemployment rate can result in 500,000 to 700,000 more people entering the program. During the first 9 months of 1974 participation rose 1.4 million. By December 1974 an additional 2.7 million participants joined the program.

In addition to increased unemployment last winter, other factors also led to higher participation in the program. The phasing out of the Food Distribution Program to individual families was completed January 30, 1975, when Puerto Rico switched completely to the Food Stamp Program. The maximum income a family may earn and still be eligible to participate in the program is adjusted semiannually in January and July. Normally this increases the number of people eligible to join the program. The cost-of-living adjustments increase the total allotment of stamps available to a family and are designed to reflect the increase cost of a nutritionally adequate diet as defined by USDA's thrifty food plan which replaces the economy food plan. Participation eligibility requirements are based upon a family's ability to purchase a nutritionally adequate diet at a cost of no more than 30 percent of adjusted net income. As the cost of the thrifty food plan rises, the level of income that a family may receive and still qualify to participate in the program also rises. In addition, there is more public acceptance of the program along with greater knowledge of the program benefits.

Most of the increased participation has been among nonpublic assistance households. During the past year nonpublic assistance participation rose nearly 53 percent compared to a 12 percent rise in public assistance participation. During the fourth quarter of 1974 nonpublic assistance participants outnumbered public assistance participants for the first time since the program began. By April 1975 when nonpublic assistance participation reached its peak, this group accounted for 56 percent of those in the program. However, over three-fourths of the participation decline from the second quarter can be attributed to declining participation among nonpublic assistance households. As the unemployment rate falls, it can be expected to exert downward pressure on program participation.

During the third quarter of 1975, the total value of food stamps rose to $2.1 billion, nearly 50 percent greater than during the same period in 1974 (table 3). During this three month period, purchases with food stamps represented nearly 6 percent of personal consumption expenditures on food purchased for use at home. The increase in food stamp issuance is due to increased participation and the semiannual cost-of-living adjustments in the food stamp allotment.

As of July 1, 1975 an eligible family of four could receive a coupon allotment of $162. Their net monthly income could not exceed $540 after deducting taxes and other expenses such as exceptionally high medical and shelter costs, and such work-related expenses as day care fees and union dues, and other allowable deductions. The July adjustment resulted in a 5.2 percent increase in the allotment of stamps for a family of four. The amount the family will pay for the stamps varies depending upon income levels.

The value of bonus stamps, those food stamps free to the recipient, rose to $1.3 billion during the third quarter of 1975. The average value of bonus stamps received per person rose to $23.09, a 6.2 percent increase over the average received the previous quarter.

Child Nutrition Programs

Twenty-five million children participated in the National School Lunch Program during the 1974-75 school year, up 500,000 from the 1973-74 school year. Thirty-eight percent of those children received their lunches free and 2 percent at a reduced price. The number of children participating in the program has remained basically stable for the past few years, reflecting in part declining enrollment in elementary schools where participation rates are highest. Increases in free and reduced price lunches have been offset by some declines in paid lunches.

In addition to the school lunch program, 1.8 million children participated in the school breakfast program, an increase of 400,000 over the 1973-74 school year.

Federal cash expenditures for the school lunch program totalled $1.3 billion during the 1974-75 school year (table 3). In addition, schools participating in the School Breakfast Program received cash grants of $85.3 million. Day care centers and other nonprofit nonresidential institutions serving the needs of preschool children received cash payments totaling nearly $100 million through the Special Food Services Program. All

Table 3.--Federal cost of USDA food programs, 1971-75

Year	Food stamps		Food distribution 2/			Child nutrition 5/				WIC 6/	Total 7/
	Total issued	Bonus stamps 1/	Needy families	Schools 3/	Other 4/	School lunch	School breakfast	Special food	Special milk		
	Million dollars										
1971	3,103	1,699	318	297	40	645	22	34	92	--	3,146
I	738	412	85	110	10	186	7	3	30	--	843
II	774	420	82	36	11	169	15	6	23	--	753
III	777	423	76	43	9	72	2	21	11	--	658
IV	815	443	75	108	9	218	7	4	28	--	892
1972	3,615	1,980	271	283	40	764	28	44	91	--	3,501
I	846	460	76	120	9	252	8	4	30	--	960
II	873	472	72	44	11	195	7	8	22	--	830
III	938	524	65	40	9	91	3	27	12	--	771
IV	960	525	58	79	10	227	10	4	28	--	940
1973	4,049	2,209	217	266	42	969	44	52	64	--	3,865
I	999	546	59	91	10	297	12	5	30	--	1,051
II	992	537	52	51	11	230	9	9	23	--	922
III	1,007	554	59	33	10	115	6	33	1	--	810
IV	1,052	572	47	92	11	327	17	5	10	--	1,082
1974	5,868	3,498	115	390	37	1,157	68	90	88	32	5,475
I	1,316	794	47	129	9	367	20	9	21	1	1,396
II	1,353	799	37	65	10	274	16	15	16	6	1,239
III	1,488	885	17	63	6	139	8	54	15	10	1,199
IV	1,711	1,020	14	133	11	376	24	12	36	15	1,641
1975 I	1,996	1,223	4	145	11	424	28	13	38	19	1,905
II	2,064	1,254	3	92	8	342	25	21	33	26	1,804
III 8/	2,120	1,295	3	56	6	159	12	75	16	26	1,648

1/ Includes Food Certificate Program. 2/ Cost of food delivered to State distribution centers. 3/ Includes Special Food Services. 4/ Includes supplemental food, institutions. 5/ Money donated for local purchase of food. Excludes nonfood assistance. 6/ Special Supplemental Food Program for Women, Infants, and Children begun January 1974. 7/ Excludes those food stamps paid for by the recipient. 8/ Preliminary.

child nutrition programs receive donated foods through the Food Distribution Program as well as cash. During the 1974-75 school year the value of foods distributed was $432.4 million.

Preliminary September figures indicate that participation in the school breakfast program will expand again during the 1975-76 school year. The number of schools participating in the program was 10 percent higher than the preceding September. In addition, child enrollment in the program was up by 27 percent. Most of the increase was due to a 32 percent increase in the numbers receiving breakfasts either for free or at a reduced price; however, the numbers paying full price for breakfasts rose nearly 9 percent. Eighty-two percent of the children participating in the school breakfast program receive free or reduced price breakfasts.

September participation in the school lunch program rose 1.4 percent above a year ago. A 5.3 percent decline in the number of children paying full price for their lunches was more than offset by a 14 percent increase in the number receiving either free or reduced price lunches. During September nearly 40 percent of those participating received free or reduced price lunches.

Federal cash expenditures in the school lunch program rose nearly 16 percent above September 1974. Expenditures on the school breakfast program rose 44 percent.

Changes in the Child Nutrition Act

Child nutrition legislation (Public Law 94-105) was just passed by Congress. One major feature of this legislation was the redefinition of a school for purposes of program eligibility. Any public or licensed nonprofit private residential child care institution, including orphanages and homes for the mentally retarded as well as homes for unwed mothers, are now defined as schools and eligible for the national school lunch program and school breakfast program as currently operated.

Eligibility for reduced-price lunches was extended up from 175 to 195 percent of the Secretary's Income Poverty Guidelines. This means, for example, that school lunches are now available for not more than 20 cents for all children in families of four with incomes up to $9,770. Further, all schools must now offer reduced-price lunches, whereas previously this was optional. In secondary schools, the "type A" lunch in the future will only need to be "offered" rather than "served." Children need not accept all food available with the type-A lunch. This change was an attempt to reduce plate waste. The failure of a student to accept all food offered does not change the charge to the student or the USDA reimbursement rate to the school for the lunch. The Summer Feeding Program, which is part of Special Food Services, was opened up to any area that wishes to have a program.

In addition, the school breakfast program, which was originally designed to provide hot meals to children in rural areas who had to travel long distances to schools is now available to all public and private nonpublic schools.

Other Food Programs

USDA currently operates two programs aimed at providing nutritionally rich foods to mothers and their young children and to the elderly.

Participation in the Women, Infants and Childrens' Program has grown rapidly since the program was initiated on a pilot basis in January 1974. During the first 6 months of 1975, participation rose from 236,000 to 497,000. The value of foods received through this program totalled $44.9 million during this period, more than double the value of the previous 6-month period. Mothers enrolled in the program received either a package of donated foods selected for nutritional content, or cash vouchers to be used in the purchase of nutritionally rich foods. This program was extended for three years by P.L. 94-105, and the funding level increased to $250 million annually.

In October 1974 a program aimed at supplementing the nutrition of the elderly was initiated. In July and August 700,000 pounds of food valued at $400,000 were donated through the program. During the first 6 months of the year, an estimated 2 million pounds of food valued at nearly $2 million were donated.

Total USDA Food Programs

USDA expenditures for food programs totalled $3.7 billion during the first 6 months of 1975, a 42 percent increase over the $2.6 billion in expenditures during the first 6 months of 1974. Currently, USDA expenditures for food programs represent 4 percent of total personal expenditures for food.

PER CAPITA FOOD CONSUMPTION

Per capita food consumption in 1975 may fall to the lowest level in 7 years. A reduction in consumption of animal-related food products may account for almost all of the decline in per capita food consumption now estimated for 1975. Crop-related food consumption per person in 1975 likely will be down fractionally from last year as higher prices and sluggish demand have limited product movement for many highly processed foods (table 4).

Per capita consumption of animal-related foods in 1975 is now expected to be only slightly above

the depressed level of 1973 and down over 2 percent from last year. Compared with the record high of 1971, consumption of livestock-related foods may be down over 4 percent in 1975. A sharp reduction for pork and grain-fed beef will more than offset an increase for other beef and veal, so that total red meat consumption in 1975 will be down nearly 4 percent. Poultry, eggs, and animal fat consumption per person will also be down significantly. Consumption of dairy products may be up slightly from last year with fish consumption essentially unchanged.

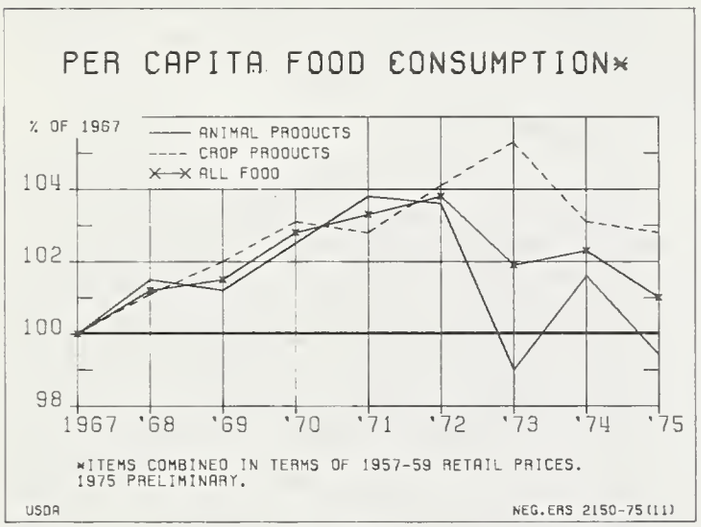

Figure 9

In the crop category, consumption of sugar and sweeteners in 1975 will be down about 8 percent from last year, while vegetable oils and coffee and cocoa may also drop significantly. However, higher consumption of fresh fruits and processed fruits and vegetables may be nearly offsetting, leaving total consumption of crop-related foods only fractionally lower than 1974 and about 2 percent below the record high of 1973.

Per capita consumption of livestock-related foods increased slightly between the spring and summer quarters. However, the increase was about in line with the usual seasonal increase and consumption showed little change on a seasonally adjusted basis. Compared with a year earlier, third quarter consumption of livestock-related foods was down 2½ percent.

Per capita consumption of livestock-related foods during the fourth quarter may be up a little over 2 percent from the summer level. Larger supplies of meat and poultry products likely will account for the gain with slightly smaller consumption of dairy products and animal fats in prospect. But because the fourth quarter gain for total livestock products expected for 1975 only about matches the increase last year, consumption may remain about 2½ percent below a year earlier.

Looking ahead to the first half of 1976, per capita supplies of livestock-related foods may decline

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock	Meat
		1967=100	
1973	I	100.6	100.7
	II	97.9	97.2
	III	95.6	93.2
	IV	99.6	100.5
1974	I	101.2	102.4
	II	101.9	106.9
	III	100.9	104.2
	IV	101.1	105.6
1975[1]	I	100.7	103.2
	II	98.3	99.5
	III	98.4	98.9

[1] Preliminary

moderately from the fourth quarter level. However, the decline likely will be smaller than in early 1975. Thus, first quarter consumption may be only fractionally below a year earlier, with the second quarter up about 2 percent from the same quarter this year.

Commodity Review

Meat—Civilian consumption of red meat through the first three quarters of 1975 was down approximately 5 pounds per person from the same period in 1974. This reduction primarily reflects a 3 percent drop in the production of total red meat through September of this year. A further reduction in supply available for civilian consumption can be traced to a reduction of 2 percent in net imports of red meat. Production and consumption levels dipped below a year earlier in March and trailed the 1974 level each successive month. So far this year increases in beef and veal production and consumption have not been large enough to offset reductions in pork and lamb. January-September beef and veal consumption totalled approximately 91.7 pounds per person, up 3.7 pounds from last year, while pork and lamb consumption fell 8.5 pounds per person to 43.3 pounds. Per capita meat consumption in 1975 may be down around 8-10 pounds from last year's 188 pounds. A 3 pound advance for beef and a 2 pound increase for veal will be more than offset by a 12 pound decline for pork. Lamb and mutton consumption may decline about 0.3 pounds.

Total red meat production through midyear 1976 likely will hold near the level recorded during the first half of this year, with increases in beef and veal production offsetting continued reductions in pork and lamb and mutton. While beef production is expected to exceed the year-earlier levels during each quarter of 1976, production of pork may not surpass 1975 until the third and fourth quarters. Total output of red meat for the year should exceed 1975 by a small margin.

Table 4--Per capita food consumption index, 1967-75 1/
(1967=100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	122	109	94	105	100
1973	98	107	117	91	99	80	126	110	93	110	102
1974	105	109	111	89	98	77	120	105	98	106	102
1975 4/	101	106	111	85	99	75	117	102	103	113	109

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee, tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	108	102	89	123	98	108	98	103.6	104.1	103.8
1973	100	113	104	82	126	98	109	96	99.0	105.3	101.9
1974	100	109	103	82	126	96	106	91	101.6	103.1	102.2
1975 4/	99	114	104	84	125	97	97	88	99.4	102.8	101.0

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

Eggs—Egg consumption for all of 1975 may drop around 8-10 eggs below the 287 eggs per person used in 1974. Most of this year's decline occurred in the first half when estimated egg consumption was down nearly 7 eggs per person. This will be the fourth straight year that egg use has declined. Per capita consumption totalled 314 eggs in 1971. Consumption may rise relative to 1975 and exceed the low levels of a year earlier during the first half of 1976.

Poultry—Per capita consumption of turkey meat in 1975 likely will be down around 5 percent from the 8.8 pounds consumed in 1974. Most of the expected decline occurred in the first half of this year. Although total supplies of turkey meat will be below a year earlier during the balance of 1975, supplies probably will be adequate and prices competitive enough with other meats to hold consumption near year-earlier levels. Off-season production in the first half of 1976 likely will be larger than a year earlier, but carryover cold storage stocks are expected to be down substantially. Thus, consumption during the winter and spring may about equal the same period of 1975.

Chicken meat consumption for all of 1975 is expected to be down around a ½ pound from 1974's 41.1 pounds per person. The smaller use probably will be about equally divided between young (largely broilers or frying chicken) and mature chickens (largely hens from laying flocks). In 1974, per capita consumption of young chicken totalled 37.5 pounds while mature chicken was 3.6 pounds. Consumption will move above year-earlier levels this fall and remain higher through the first half of 1976 as production exceeds 1975 levels.

Fats and oils—Total use of food fats and oils per person in calendar 1975 is estimated at around 50 pounds (fat content), down some 2 pounds from 1974. The decline reflects the economic recession, this year's high prices, cutbacks in consumer spending, and liquidation of food fat product inventories at retailing levels. The sharpest cut in apparent consumption occurred in the salad and cooking oils category, which dropped about a pound. Margarine, lard, and shortening consumption also fell. With the anticipated pick-up in economic activity and the outlook for lower edible oil prices, the per capita use of food fats in 1976 probably will increase moderately.

Fish—Fish consumption per person in 1975 will be the same as the 12 pounds per person consumed in 1974 (table 6). But whereas 1974 was a year of burdensome supplies, 1975 has seen a return to more normal levels and, in some cases, shortages. Sharply lower imports, resulting from declining foreign catches, have been primarily responsible for the overall drop in supplies, although lower domestic catches have also been recorded.

Supplies are expected to remain tight during the remainder of 1975 and the first half of 1976, limiting total consumption. Supplies of fishery products in the U.S. have been tightening the past several months and shortages are becoming evident for some major products. Frozen inventories have dropped sharply. Cold storage holdings of all fish and shellfish on September 30 were more than 25 percent below a year ago. Shrimp and groundfish fillets registered the largest declines. The reduction in inventories this year was primarily associated with a cutback in imports, although lower domestic landings and higher consumption of a few products have also been a factor.

Dairy—Per capita dairy consumption in 1975 likely will increase about 1 percent. Cheese consumption will be up about 0.3 pounds or 2 percent while milk will be up about 4 pounds. Ice cream consumption likely will advance about a pound to 18½ pounds.

Rising farm milk prices and improved milk-feed price relationships this fall likely will stimulate expanding milk production in late 1975 and early 1976. Farmers have begun heavier feeding of grain and output per cow could approach more normal gains in early 1976. Milk production during the first half of 1976 may total about 1 percent above a year earlier as the drop in milk cow numbers is expected to remain relatively slow.

Cereal and bakery products—Consumption of cereal and bakery products may rise in 1975, following a decline of about 2 percent in 1974. Last year's decline in consumption was associated with rapid retail price increases fueled by higher costs for flour, sugar, vegetable oils, and other ingredients, as well as rising processing and distribution costs. With prices for this class of products much more stable in 1975, a small upturn in per capita consumption is expected.

Sugar—This year's per capita refined sugar consumption level, estimated to be less than 90 pounds, down from 97 pounds in 1974, will be the lowest in three decades. Not since the sugar-short years during and following World War II (1942-46) has U.S. per capita consumption fallen below 90 pounds. The 1975 decline is being attributed to consumer resistance to high sugar prices and high prices for sugar-containing products earlier this year.

Domestic production of beet sugar this crop year likely will total from 3.6 to 3.8 million tons, raw value, up from under 3.0 million tons in 1974, while domestic production of cane sugar is put at 2.8 to 3.0 million tons, up from 2.5 million tons in 1974. Most of the crop year increase in U.S. beet sugar production is coming from expanded acreage, while the increase in cane production is coming from both expanded acreage and higher yields. Estimated sugar production for calendar year 1975 may total 6.3 million tons, more than 700,000 tons

Table 5.--Livestock products: Per capita consumption indexes, quarterly, 1969-75 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy products		Animal fats including butter	Total livestock products 2/
				Excluding butter	Including butter		
1969 I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.7	99.2	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	100.6	99.7	82.4	102.5
IV	107.5	131.7	94.3	100.2	99.7	85.6	106.1
1973 I	100.9	95.6	92.4	99.7	99.2	82.5	98.8
II	95.3	101.7	91.5	100.7	99.8	78.8	96.8
III	93.3	107.1	87.6	100.3	99.3	75.7	95.9
IV	102.2	124.1	91.5	100.1	99.0	76.9	102.2
1974 3/ I	102.6	99.0	89.5	98.8	97.9	79.5	99.4
II	104.8	108.0	88.6	97.9	96.7	75.3	100.8
III	104.3	107.6	87.6	99.6	98.7	78.5	101.2
IV	107.4	120.1	88.6	98.4	97.5	77.2	103.7
1975 3/ I	103.4	91.2	86.6	99.5	98.6	76.9	98.9
II	97.5	102.7	83.7	100.1	99.2	78.2	97.2
III	99.0	108.5	84.7	100.4	99.5	76.9	98.7

1/Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973.

2/Excludes fish and honey.

3/Preliminary

larger than in 1974, but imports may total less than 4.0 million tons, down nearly 2 million tons from 1974.

Total sugar deliveries probably will fall within 10 to 11 million short tons in calendar 1976 compared with about 10 million tons in 1975. Domestic production likely will approximate the 1975 level. But because of anticipated higher total deliveries, U.S. imports are expected to increase in 1976 over this year's reduced level. Per capita consumption is expected to be higher in 1976 than 1975.

Beverages—Per capita coffee consumption in 1975 will likely be down about a half pound from 1974, continuing the long-term downtrend in consumption.

Freezing weather in mid-July severely damaged coffee trees in Brazil. While the frost had little effect on the size of the 1975 Brazilian crop, the 1976 crop will be sharply reduced. Next year's Brazilian crop, which was expected to be about 25-28 million bags before the freeze, may be less than half that amount.

Partly because of sharply higher coffee prices, U.S. coffee consumption may decline further in 1976 from this year's prospective 12.3 pounds (green bean basis).

Imports of cocoa beans and semiprocessed products this year will fall short of last year's levels. The U.S. grind may be about 15 percent below last year's 506 million pounds. Per capita consumption is expected to total about 3.5 pounds (bean equivalent), down from 3.7 pounds in 1974. The 1975/76 world cocoa crop is expected to be about 6 percent above a year earlier. With prospective lower wholesale prices, not only for cocoa but for sugar as well, per capita cocoa consumption may increase next year after declining almost continually from the peak in 1972.

Per capita tea consumption is expected to increase slightly this year (dry leaf basis), up from 0.80 pound last year. However, higher coffee prices and continuing high soft drink prices may enhance the relative position of tea and further contribute to a continuation of the upward trend in per capita consumption.

Fruit—Total per capita fruit consumption appears likely to rise again in 1975. Per capita use of processed items is expected to increase about 7 percent this year after dropping in 1974. Consumption of fresh fruit is expected to rise about 5 percent this year, following a sharp increase in 1974 and may reach the highest level since the early 1960's.

Large fresh and processed fruit supplies are expected during 1975/76. If October 1 prospects are realized, U.S. citrus production for 1975/76 will be nearly as large as the record 1974/75 crop. While orange and lemon production is expected to be smaller, record crops are indicated for grapefruit, tangerines, temples, and tangelos. Noncitrus fruit tonnage was estimated 5 percent larger than last year's utilized levels. The increase is due primarily to the larger apple and grape crops.

The first forecast of U.S. orange production for the 1975/76 season points to a 3 percent smaller crop. Prospects are off in all producing areas except Texas. In Florida total orange production is placed at 172 million boxes, down 1 percent from the record crop last season. Early and mid-season varieties in Florida are up 1 percent, but this is more than offset by a decline of 4 percent in Florida Valencias. In California, both Navel and Valenica oranges are below last season's output, down 11 percent and 15 percent, respectively.

Demand for frozen concentrated and chilled orange juice was very strong during 1974/75 and further increases are likely in 1975/76. Current prospects for oranges through this winter point to grower prices slightly higher than a year earlier in view of lower carryover stocks of processed items, expected strong demand, plus a slightly smaller orange crop.

A record grapefruit crop is being forecast, up 13 percent from last season and 5 percent above the previous record set in 1973/74. In the absence of strong processor demand and in view of the record crop in prospect, grower returns for grapefruit could be moderately below last year.

The 1975/76 pack of canned noncitrus fruit is running smaller than last season's large output. However, even with a small reduction in expected pack, the total supply of canned fruit this season will still be substantial because of the larger canner stocks on hand at the beginning of the season. Large supplies of dried fruit are also expected while frozen fruit supplies could be below last season.

Vegetables—Per capita vegetable consumption in 1975 likely will rise about 1 percent. A boost in processed use relative to the reduced level of 1974 should offset a small decline in fresh use.

Larger packs of canned sweet corn, tomatoes, and tomato products along with relatively stable wholesale prices are accounting for the gain in per capita canned vegetable use in 1975. Frozen vegetable use is also higher. Total processed vegetable consumption will be about 4 percent higher.

Fresh vegetable supplies the first half of 1975 were 5 percent smaller than a year earlier. This included domestic output as well as imports. For the balance of the year, production is expected to be closer to a year earlier, with a total annual supply 3-5 percent smaller than a year earlier.

Acreage of vegetables for fall harvest is 1 percent larger than a year earlier and supplies may run smaller if yields are on trend, in contrast to an unusually large increase last year. The largest acreage gains are in the salad vegetables—tomatoes,

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1972	1973	1974	1975 indications as percentage of 1974
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight):	160.9	178.3	189.0	175.7	188.0	96
Beef	85.1	106.5	116.1	109.6	116.8	102
Veal	6.1	3.8	2.2	1.8	2.3	178
Lamb and mutton	4.8	3.9	3.3	2.7	2.3	87
Pork (excluding lard)	64.9	64.1	67.4	61.6	66.6	82
Fish (edible weight)	10.3	10.6	12.4	12.7	12.0	100
Poultry products:						
Eggs (farm basis)--Number	334	320	307	294	287	97
Chicken (ready-to-cook)	27.8	36.5	42.0	40.7	41.1	99
Turkey (ready-to-cook)	6.2	8.6	9.0	8.5	8.8	95
Dairy products:						
Cheese	8.3	10.1	13.2	13.7	14.6	102
Condensed and evaporated milk	13.7	9.0	6.4	6.0	5.6	86
Fluid milk and cream (product weight)	321	303	298	293	284	101
Ice cream (product weight)	18.3	17.8	17.4	17.5	17.5	105
Fats and Oils--Total, fat content	45.3	49.4	54.2	54.4	52.3	96
Butter (actual weight)	7.5	5.5	4.9	4.8	4.6	102
Margarine (actual weight)	9.4	10.5	11.3	11.3	11.3	100
Lard	7.6	5.4	3.8	3.4	3.2	88
Shortening	12.6	15.9	17.7	17.3	17.0	97
Other edible fats and oils	11.5	15.2	19.8	20.8	19.4	95
Fruits:						
Fresh:	93.4	81.0	77.0	75.6	78.3	105
Citrus	33.7	31.6	27.2	27.3	27.3	107
Apples (commercial)	18.3	16.2	17.4	14.5	15.8	112
Other (excluding melons)	41.4	33.2	32.4	33.8	35.2	101
Processed:						
Canned fruit	22.6	22.6	21.4	21.3	19.7	108
Canned juice	13.0	11.7	15.5	15.9	14.7	99
Frozen (including juices)	9.1	10.1	10.4	11.2	11.3	110
Dried	3.1	2.8	2.1	2.6	2.4	112
Vegetables:						
Fresh 2/	105.9	98.2	98.3	100.2	101.2	99
Canned, excluding potatoes & sweetpotatoes	43.4	49.0	52.2	54.3	52.7	104
Frozen, excluding potatoes	7.0	9.0	10.0	10.7	10.2	105
Potatoes, fresh equivalent	108.4	108.0	119.2	116.5	115.9	101
Sweetpotatoes, fresh equivalent	7.1	5.8	5.1	5.1	5.6	95
Grains:						
Wheat flour 3/	118	112	109	109	106	101
Rice	6.1	7.5	7.0	7.0	7.3	107
Other:						
Coffee (Green beans)	15.8	14.8	13.9	13.7	12.8	96
Tea	.59	.69	.77	.79	.80	101
Cocoa beans	3.6	4.2	4.4	4.2	3.7	95
Peanuts (shelled)	4.9	5.7	6.2	6.6	6.4	106
Dry edible beans	7.3	6.9	6.4	6.5	6.9	97
Melons	25.8	22.3	21.9	21.7	19.0	100
Sugar (refined)	97.6	97.3	103.0	102.1	97.0	90
	Mil.	Mil.	Mil.	Mil.	Mil.	
Civilian population 4/	178.1	195.2	206.5	208.1	209.7	101

1/Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August. 2/Commercial production for sale as fresh produce. 3/Includes white, whole wheat, and semolina flour. 4/July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

peppers, and cucumbers—while broccoli and cabbage plantings are both substantially smaller than a year earlier.

Considerably larger processed vegetable supplies are practically assured this marketing season which ends next summer. In addition to materially larger carryovers of many important items, the tomato crop is record large and there are increases in sweet corn, lima beans, and cucumber pickles to offset reduced crops of snap beans, peas, beets, and cabbage for sauerkraut. Stocks of frozen vegetables on October 1 at 1 billion pounds were record large for the month. However, the dry edible bean crop of 18.3 million cwt. is 12 percent below the large 1974 output. Despite a relatively large carryover, available supplies are smaller.

The 267 million cwt. U.S. fall potato production is 8 percent smaller than the record crop of last year. Production in the Eastern States is down more than a fifth, with Midwest output also off nearly a fifth. In the West the expected tonnage is 2 percent more than last year. Sweetpotato production moved up slightly to 14 million cwt. this fall. Processor demand may not be as strong as last year, but use by the fresh market may be as high or higher.

SUPPLY AND UTILIZATION

Total net utilization of farm food commodities in 1975 is estimated at about the same level as last year (table 7). A slight decline in domestic food use, which accounts for about four-fifths of net utilization, is being offset by increases in exports and nonfood uses. On the supply side, net production is estimated to be record high. However, most of the production increase involves crops harvested during the last half of the year with marketing seasons extending well into 1976. Consequently, much of the record production will show up as higher yearend stocks rather than as increased utilization during calendar year 1975. Much lower imports of food commodities further offset this year's higher domestic production of food commodities.

Net production, excluding domestic feed and seed use, is expected to total about 10 percent above 1974. Virtually all of the gain in 1975 production comes from record large output of crop food commodities—up 14 percent from last year's drought-reduced harvests. However, the opposite is true for livestock food commodities which are now expected to fall almost 2 percent short of 1974.

Most of the improved production for crop food commodities occurred in food grains, feed grains, and oilseeds. Production of feed grains is expected to rise by 23 percent and food grains by nearly 18 percent while oilseeds are up about 15 percent from 1974. Specifically, corn has increased by 23 percent, wheat by 19 percent, and soybeans by 19 percent from 1974.

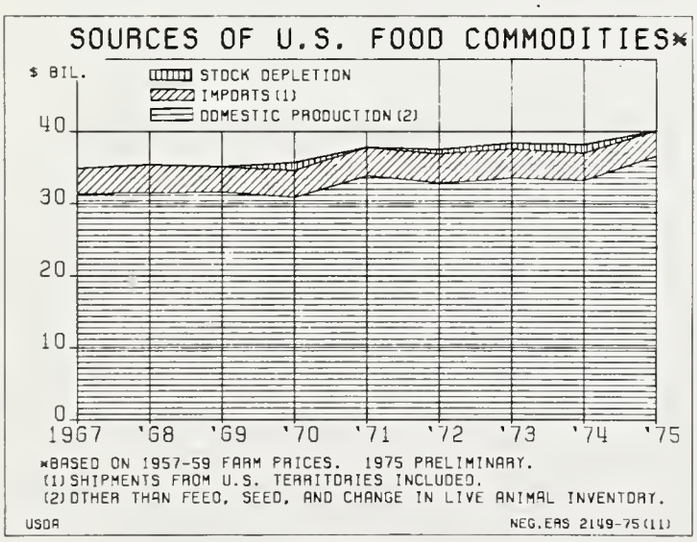

Figure 10

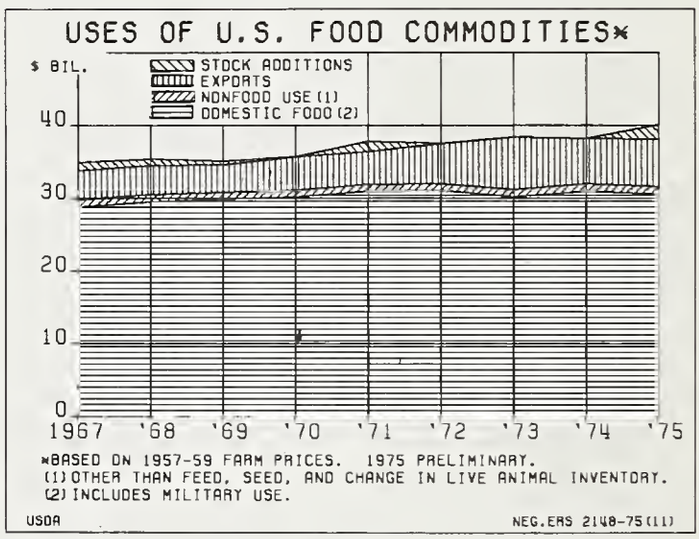

Figure 11

Livestock food commodities with smaller production this year include hogs, sheep and lambs, and poultry. This production decline reflects farmers' response to tight supplies and high prices for animal feed because of last year's short crops. However, the only noticeable exception has occurred in beef which is not totally dependent on grain feeding. Continued increases in the slaughter of cattle and calves with little or no grain feeding is boosting beef production about 5 percent over last year's level.

Farm food commodity imports, which traditionally supply about one-tenth of food commodities for net utilization, are expected to decline about 5 percent from last year. This is about half the decrease experienced the previous year. This estimated reduction is a combination of a decrease of 6 percent in imports of crop food commodities and

Table 7--Livestock, crop and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1970-75 1/

Year	Supply			Total annual utilization	Utilization					
					Domestic use					Exports and shipments 4/
					Food		Non-food		Total	
	Production	Imports 2/	Stocks 3/		Civilian	Military	Seed and feed	Other		
A--All food commodities indexes: (1967=100) 5/										
1970	98.4	105.4	120.7	105.7	105.8	70.2	---	90.6	104.5	114.0
1971	108.0	110.8	111.8	107.6	108.4	62.6	---	98.7	107.1	111.7
1972	104.7	115.0	123.3	111.1	109.7	49.8	---	92.5	107.8	135.2
1973	107.0	115.8	118.4	113.8	106.7	39.2	---	103.2	105.1	178.1
1974	105.9	104.8	112.0	113.0	109.1	36.0	---	102.8	107.3	154.5
1975 6/	116.9	99.4	102.1	112.9	107.7	37.4	---	109.3	106.3	161.3
Livestock food commodities (1967=100)										
1970	103.5	124.6	97.5	104.8	105.8	71.6	103.0	95.8	104.7	108.7
1971	106.1	116.8	106.9	107.4	108.5	61.4	99.1	89.9	106.9	127.8
1972	105.6	134.1	102.4	107.7	109.2	49.3	99.6	92.2	107.3	121.5
1973	100.6	145.0	93.1	102.6	104.5	37.0	97.5	81.8	102.4	109.9
1974	105.4	119.2	103.2	106.5	108.9	34.6	94.5	89.9	106.5	106.0
1975 6/	103.6	116.9	111.6	105.4	107.3	36.0	92.5	91.9	105.0	120.7
Crop food commodities (1967=100)										
1970	98.1	100.6	121.9	109.3	105.8	64.9	114.8	88.2	108.6	114.7
1971	113.5	109.3	112.1	111.0	108.0	67.2	117.5	103.0	111.3	109.5
1972	111.6	110.2	124.4	119.8	110.6	51.9	126.8	92.7	115.9	137.1
1973	119.5	108.5	119.7	128.3	111.6	47.3	121.1	113.4	115.0	187.7
1974	108.5	101.2	112.4	119.4	109.5	41.2	112.2	109.0	110.0	161.3
1975 6/	123.8	95.1	101.6	114.4	108.8	42.7	93.9	117.6	102.6	167.0
B--All food commodities: Percentage of annual utilization 5/										
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	83.9	1.1	---	2.6	87.6	12.4
1972	87.7	10.7	1.6	100.0	82.4	.8	---	2.3	85.5	14.5
1973	87.4	10.5	2.1	100.0	78.1	.6	---	2.6	81.3	18.7
1974	87.2	9.6	3.2	100.0	80.5	.6	---	2.6	83.7	16.3
1975 6/	96.4	9.1	-5.5	100.0	79.6	.6	---	2.7	82.9	17.1
Livestock food commodities: Percentage of annual utilization										
1970	96.4	3.9	-.3	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972	95.7	4.1	.2	100.0	93.2	1.1	1.9	1.2	97.4	2.6
1973	95.7	4.6	-.3	100.0	93.6	.8	2.0	1.2	97.5	2.5
1974	96.5	3.7	-.2	100.0	93.8	.8	1.9	1.2	97.7	2.3
1975 6/	95.9	3.6	.5	100.0	93.4	.8	1.8	1.3	97.3	2.7
Crop food commodities: Percentage of annual utilization										
1970	81.1	13.4	5.5	100.0	43.2	.4	34.5	2.7	80.8	19.2
1971	92.5	14.3	-6.8	100.0	43.4	.4	35.0	3.1	81.9	18.1
1972	84.2	13.4	2.4	100.0	41.1	.3	35.0	2.6	79.0	21.0
1973	84.2	12.3	3.5	100.0	38.8	.3	31.2	2.9	73.2	26.8
1974	82.2	12.3	5.5	100.0	40.9	.2	31.1	3.0	75.2	24.8
1975 6/	97.9	12.1	-10.0	100.0	42.3	.3	27.2	3.4	73.2	26.8

1/ Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-67 data see NFS-136. 2/ Includes shipments from U.S. Territories. 3/ Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/ Includes shipments to U.S. Territories. 5/ Feed and seed omitted from total commodities to avoid double counting of use through livestock. 6/ Preliminary.

Table 8.--Livestock, crop, and total farm food commodities: Supply-utilization farm equivalent aggregates 1/
(Million Dollars)

Year	Supply				Utilization					
					Domestic Use					
					Food		Non-food			
	Production	Imports	Stock changes 2/	Total annual utilization	Civilian	Military	Seed and feed	Other	Total	Exports and shipments
A.--All food commodities										
1967	31,439	3,486	-1,133	33,792	28,177	628	---	951	29,756	4,036
1968	31,515	3,886	-918	34,483	28,863	615	---	954	30,432	4,051
1969	31,637	3,532	-520	34,649	29,395	524	---	958	30,877	3,772
1970	30,964	3,672	1,099	35,735	29,829	438	---	862	31,129	4,606
1971	33,943	3,862	-1,428	36,377	30,535	393	---	939	31,867	4,510
1972	32,924	4,010	613	37,547	30,898	313	---	880	32,091	5,456
1973	33,633	4,036	800	38,469	30,055	246	---	981	31,282	7,187
1974	33,293	3,653	1,222	38,166	30,720	226	---	978	31,924	6,242
1975 3/	36,766	3,469	-2,090	38,145	30,351	236	---	1,039	31,626	6,519
B.--Livestock food commodities										
1967	20,792	698	-171	21,319	19,577	497	440	308	20,822	497
1968	20,906	761	97	21,764	20,000	496	425	314	21,235	529
1969	20,991	794	89	21,874	20,175	424	440	314	21,353	521
1970	21,529	870	-56	22,343	20,701	354	453	295	21,803	540
1971	22,054	815	27	22,896	21,243	305	436	277	22,261	635
1972	21,964	936	55	22,955	21,384	245	438	284	22,351	604
1973	20,920	1,012	-60	21,872	20,461	184	429	252	21,326	546
1974	21,921	832	-50	22,703	21,311	172	416	277	22,176	527
1975 3/	21,538	816	118	22,472	21,003	179	407	283	21,872	600
C.--Crop food commodities										
1967	17,445	2,810	-962	19,293	8,600	131	6,380	643	15,754	3,539
1968	17,718	3,148	-1,015	19,851	8,863	119	6,707	640	16,329	3,522
1969	18,100	2,761	-609	20,252	9,220	100	7,037	644	17,001	3,251
1970	17,189	2,825	1,155	21,169	9,128	84	7,324	567	17,103	4,066
1971	19,795	3,071	-1,455	21,411	9,292	88	7,494	662	17,536	3,875
1972	19,461	3,098	558	23,117	9,514	68	8,087	596	18,265	4,852
1973	20,846	3,048	860	24,754	9,594	62	7,728	729	18,113	6,641
1974	18,920	2,844	1,272	23,036	9,409	54	7,157	701	17,321	5,715
1975 3/	21,605	2,676	-2,208	22,073	9,348	57	5,993	756	16,154	5,919

1/ Quantities weighted by 1957-59 farm prices.
2/ Negatives indicate stock increases, positives signify withdrawals.
3/ Preliminary.

of 2 percent in imports of livestock food commodities. Crop imports have accounted for about an eighth of net use of crop food commodities, while livestock imports have accounted for only about 4 percent of net use of livestock food commodities. Largest declines have occurred in sugar, bananas, and tea. Imports of pork, dairy products, and eggs have also fallen short of last year's levels.

As a result of 1974's weather-reduced harvests and the drawdown of commodity stocks during 1972-74, inventories of farm food commodities at the beginning of 1975 were at their lowest level since 1967. However, this year's record large crop output may allow inventories to be rebuilt such that inventory accumulation throughout the year for all farm food commodities may account for 5½ percent of net utilization. (The greater reversal and buildup naturally occurred in crops which are harvested late in the year.) Increased production, combined with little change in total use, likely will result in ending-year inventories of crop food commodities 18 percent higher than in 1974 and very close to levels of the early 1970's. It should be noted, however, that these are largely working inventories, most of which will be needed to service the anticipated larger demand for domestic use and exports until new supplies become available in 1976.

Total domestic food use in 1975 is estimated to have fallen a little more than 1 percent. Most of this decline has occurred in civilian food use where the reduction in the consumption of livestock food commodities has the greater impact. Civilian food use of livestock commodities is expected to decline about 1½ percent. Pork and lamb consumption have led in this decline.

Nonfood use (excluding feed and seed) of farm food commodities, which accounts for close to 3 percent of net utilization, increased about 6 percent. Most of the increase came from an 8 percent rise in nonfood use of crop products—such as glucose, starches, and alcohol. Nonfood use of livestock products (excluding feed and seed) has increased over 2 percent from last year.

But nonfood use (including feed and seed) of crop food commodities has fallen over 14 percent, led mainly by a major drop in livestock feed use. Corn, which accounted for close to two-thirds of the crops used for feed, fell 20 percent from 1974, reflecting the impact of last year's 18 percent smaller harvest. Seed use of crop food commodities also fell slightly.

Exports of farm food products in 1975 are estimated to be up about 4½ percent from last year. Crop food exports, which account for more than 90 percent of total farm food exports, have increased about 3½ percent from 1974. Most of the increase in crop food exports came in feed grains and food grains.

Wheat exports (including the wheat equivalent of flour exports) are estimated to have increased over 15 percent. This increase has reflected, in part, large purchases by the Soviet Union. The full impact of Russian wheat purchases on utilization patterns, however, is not expected to be complete until next year. Corn exports have increased about 3 percent. Rice exports, only 6 percent of total crop food exports, are estimated to have risen over two-fifths since last year. Grain sorghum, an even smaller portion than rice in the total, has risen over 6½ percent. Exports of soybeans and soybean products are expected to be down over 17½ percent from 1974 and have offset the grain increases.

Exports of livestock food products increased almost 14 percent over last year. This increase was led by meats, chicken, and dairy products. Exports of meats (beef and veal, pork, and sheep and lamb) have increased almost 12 percent, chicken 9 percent, while the nonfat milk equivalent of dairy products has more than doubled.

NUTRITIONAL REVIEW

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ABSTRACT: Lower levels for many nutrients are indicated in 1975, reflecting the more than 1 percent drop in food consumption since 1974. Decreased use of pork, lard, salad and cooking oils, and sugar accounts for decreases of 1 to 4 percent for nutrient fat, food energy, carbohydrate, thiamin, vitamin B_{12}, and phosphorous. A 3 percent gain is indicated for ascorbic acid because of greater use of processed citrus products. A review of protein supplies since 1909-13 shows levels ranging from 88 to 103 grams per capita per day, and a current level of 99 grams. Animal sources of protein now account for about two-thirds of the total supply, compared with one-half in 1909-13, due not only to greater use of animal products but also to the accompanying decline in use of grain products.

KEY WORDS: Food supply, diet, food consumption, human nutrition, food economics.

Situation in 1975

The drop of more than 1 percent in overall food consumption now estimated for 1975 equates to the declines of 1 to 4 percent in levels of food energy, fat, carbohydrate, one mineral, and two vitamins. Nonetheless, protein, three minerals, and four vitamins remain at their 1974 levels and one vitamin, ascorbic acid, shows a 3 percent increase (table 9). The rise in ascorbic acid is attributed to greater use of processed citrus products, principally frozen orange juice.

The largest decline, 4 percent, is in nutrient fat, a continuation of a downward trend which began in 1972. This decrease is due to lower consumption of pork and fats and oils, mainly lard and salad and cooking oils. The downward shift in use of these foods, along with lower use of refined sugar because of high prices, contributed to a 2 percent lower level for food energy. The drop in the use of sugar also accounted for the 2 percent decrease in carbohydrate. The near-record low consumption of pork accounts for the 2 percent reduction for thiamin. The 1 percent decreases in the levels for vitamin B_{12} and phosphorous are attributable to use of less pork, poultry, and eggs.

Situation Since 1967

Protein is the only nutrient for which the 1975 level is the same as in 1967, although the per capita amount of protein has fluctuated somewhat over the intervening years. Changes for other nutrients cover a wide range.

Ascorbic acid shows the greatest increase, 13 percent, continuing an upward trend. Higher consumption of frozen citrus products, chiefly orange juice, larger contributions from vegetables, and the fortification of fruit juices and drinks with this vitamin account for the gain.

Contributing to the 5 percent increase in iron is the addition of iron to cereal products through enrichment and fortification, increased consumption of beef, dry beans and peas, soyflour and grits, vegetables, and corn syrup. Greater use of dark-green and deep-yellow vegetables and fortification of milk, all types, with vitamin A chiefly account for the 4 percent increase in this nutrient. The meat, poultry, and fish group contributed to the 3 percent gain for vitamin B_{12} and to the 1 percent rise in niacin.

Nutrients showing a decline outnumber those showing gains; however, the declines are within a narrow range, from 1 to 4 percent. Decreased consumption of dairy products, chiefly whole milk, accounts for the 4 percent drop in calcium and also for the 3 percent decline in riboflavin. Lower consumption of these products and of pork and the flour and cereal products group resulted in a 3 percent drop in thiamin. The 2 percent lower level for

Table 9--Nutrients available for civilian consumption, per capita per day, selected periods 1/

Nutrient	Unit	Average 1957-59	1967	1973	1974	1975 2/	1975 as a percentage of: 1957-59	1967	1974
Food energy	Cal.	3,130	3,210	3,290	3,240	3,160	101	98	98
Protein	Gm.	95	99	99	99	99	104	100	100
Fat	Gm.	143	150	155	153	147	103	98	96
Carbohydrate	Gm.	374	373	385	376	369	99	99	98
Calcium	Gm.	.98	.95	.93	.91	.91	93	96	100
Phosphorus	Gm.	1.53	1.54	1.54	1.53	1.52	99	99	99
Iron	Mg.	16.3	17.4	18.2	18.3	18.3	112	105	100
Magnesium	Mg.	346	343	345	340	339	98	99	100
Vitamin A value	I.U.	8,100	7,900	8,100	8,200	8,200	101	104	100
Thiamin	Mg.	1.85	1.92	1.91	1.90	1.87	101	97	98
Riboflavin	Mg.	2.31	2.36	2.32	2.30	2.29	99	97	100
Niacin	Mg.	21.1	23.0	23.3	23.4	23.3	110	101	100
Vitamin B_6	Mg.	2.01	2.18	2.24	2.26	2.25	112	103	100
Vitamin B_{12}	Mcg.	8.9	9.6	9.4	9.6	9.5	107	99	99
Ascorbic acid	Mg.	105	108	118	119	122	116	113	103

1/ Quantities of nutrients computed by Agricultural Research Service, Consumer and Food Economics Institute, on the basis of estimates of per capita food consumption (retail weight), including estimates of produce of home gardens, prepared by the Economic Research Service. No deduction made in nutrient estimates for loss or waste of food in the home, use for pet food, or for destruction or loss of nutrients during the preparation of food. Civilian consumption. Data include iron, thiamin, riboflavin, and niacin added to flour and cereal products; other nutrients added primarily as follows: Vitamin A value to margarine, milk of all types, milk extenders; vitamin B_6 to cereals, meal replacements, infant formulas; vitamin B_{12} to cereals; ascorbic acid to fruit juices and drinks, flavored beverages and dessert powders, milk extenders, and cereals. Quantities of added nutrients for 1960-66 were estimated in part by Consumer and Food Economics Institute.

2/ Preliminary.

Table 10--Contribution of major food groups to nutrient supplies available for civilian consumption, 1957-59 average and 1975 1/

Food groups	Food energy	Protein	Fat	Carbo-hydrate	Calcium	Phos-phorus	Iron	Magnesium	Vitamin A value	Thiamin	Ribo-flavin	Niacin	Vitamin B_6	Vitamin B_{12}	Ascorbic acid
								Percent							
1957-59 Average															
Meat (including pork fat cuts), poultry & fish	18.2	35.8	32.9	0.1	3.3	23.0	27.7	10.9	20.2	27.9	21.4	43.0	39.9	65.2	1.2
Eggs	2.6	6.8	4.0	.1	2.8	6.7	7.1	1.6	7.3	2.9	6.5	.2	2.7	11.3	0
Dairy products, excluding butter	13.5	24.4	16.6	7.7	76.5	38.3	2.3	23.3	12.7	10.5	44.8	2.0	11.4	23.5	5.1
Fats and oils, including butter	16.0	.2	39.5	2/	.4	.2	0	.3	8.7	0	0	0	.2	0	0
Citrus fruits	.7	.4	.1	1.5	.8	.6	.8	1.7	1.1	2.1	.4	.7	1.2	0	22.1
Other fruits	2.6	.8	.3	5.6	1.3	1.3	4.4	4.4	7.0	2.2	1.8	2.3	6.8	0	10.8
Potatoes & sweetpotatoes	2.8	2.4	.1	5.3	1.0	3.8	4.3	7.3	8.3	6.1	2.0	7.6	13.6	0	20.6
Dark green & deep yellow vegetables	.3	.5	2/	.5	1.6	.7	1.9	2.2	20.6	1.0	1.2	.7	2.0	0	9.2
Other vegetables, including tomatoes	2.3	3.3	.4	4.2	4.6	4.7	9.0	10.2	13.8	6.7	4.4	6.2	9.9	0	30.9
Dry beans & peas, nuts, soy flour & grits	2.9	5.2	3.3	2.3	2.6	5.7	7.3	10.7	2/	5.9	1.8	6.2	4.7	0	2/
Flour & cereal products	21.4	19.9	1.6	37.6	3.3	12.9	28.0	18.4	.4	34.5	14.8	24.7	7.6	0	0
Sugar & other sweeteners	15.8	2/	0	34.2	.8	.2	4.3	.2	0	.1	.1	2/	2/	0	2/
Miscellaneous 3/	.8	.4	1.4	.7	1.1	2.0	3.0	8.6	2/	.1	.8	6.3	.1	0	0
1975 Preliminary															
Meat (including pork fat cuts), poultry & fish	19.9	41.6	34.1	0.1	3.8	27.6	29.5	13.5	21.9	26.4	25.1	46.9	44.8	70.5	1.1
Eggs	2.0	5.0	3.0	.1	2.3	5.2	4.8	1.2	5.5	2.2	5.0	.2	1.9	8.1	0
Dairy products, excluding butter	11.4	22.0	13.2	6.7	74.5	34.7	2.2	21.1	12.7	9.0	39.8	1.5	10.2	19.8	3.7
Fats and oils, including butter	17.5	.2	42.4	2/	.4	.2	0	.4	7.8	0	0	0	.1	0	0
Citrus fruits	1.1	.5	.1	2.2	1.0	.8	.8	2.5	1.6	3.2	.6	1.0	1.3	0	27.6
Other fruits	2.4	.6	.3	5.1	1.3	1.2	3.4	4.1	5.5	1.9	1.6	1.8	5.8	0	11.2
Potatoes & sweetpotatoes	2.9	2.4	.1	5.6	1.0	3.9	4.4	7.2	5.3	6.2	1.8	7.2	11.3	0	17.5
Dark green & deep yellow vegetables	.3	.5	2/	.5	1.7	.7	1.7	2.2	21.6	.9	1.1	.7	1.8	0	8.2
Other vegetables, including tomatoes	2.7	3.4	.5	5.0	5.1	5.1	9.1	10.7	15.4	7.0	4.7	6.2	9.5	0	27.3
Dry beans & peas, nuts soy flour & grits	3.1	5.6	3.7	2.3	3.0	6.3	6.7	12.1	2/	6.1	2.0	7.0	4.5	0	2/
Flour & cereal products	19.9	17.8	1.4	35.9	3.4	12.5	27.7	18.1	.4	36.9	17.7	23.7	8.9	1.6	0
Sugar & other sweeteners	16.2	2/	0	35.9	1.6	.3	7.5	.2	0	2/	2/	2/	2/	0	2/
Miscellaneous 3/	.7	.4	1.3	.5	.9	1.6	2.1	6.7	2.2	.1	.6	3.9	.1	0	3.4

1/ Percentages for food groups are based on nutrient data included in totals in table 9. 2/ Less than 0.05 percent. 3/ Coffee and chocolate liquor equivalent of cocoa beans and fortification of products not assigned to a specific food group.

nutrient fat resulted, for the most part, from less use of meat, and to a lesser extent, to less use of fluid whole milk and eggs. The combined decreases from these foods and from the flour and cereal products account for the 2 percent lower level for food energy. Smaller decreases of 1 percent are indicated for carbohydrate, phosphorous, magnesium, and vitamin B_{12} (table 9).

PROTEIN

Levels of Protein

The level of protein available from the national food supply has always been generous in relation to nutritional needs of the population. The current protein level is 99 grams per capita per day, a little higher than reported for most years since early in the century. The high and low levels, 103 and 88 grams per capita per day, occurred in 1945-46 and 1935, respectively. The low level in 1935 reflected the decreased consumption of many foods, including meats (table 11).

Sources of Protein

Animal sources provide over two-thirds of the protein now compared with early in the century when protein was supplied about equally by animal and vegetable sources. This increase reflects Americans' strong preference for foods from animal sources. Of the total increase in protein coming from animal sources, about one-fourth had occurred by the late 1930's. An additional three-fifths of this increase occurred between the late 1930's and late 1950's with little change since that time.

The proportionate increase in protein from animal sources resulted not only from increased use of foods of animal origin but also from the accompanying decline in consumption of flour and cereal products. Current use of grain products is only half that reported for 1909-13. The decline in the share of protein from these foods since the early 1900's is a little more than that from all vegetable sources, 18 and 17 percent, respectively. Nevertheless, the flour and cereal products group remains the leading source of vegetable protein in the national food supply.

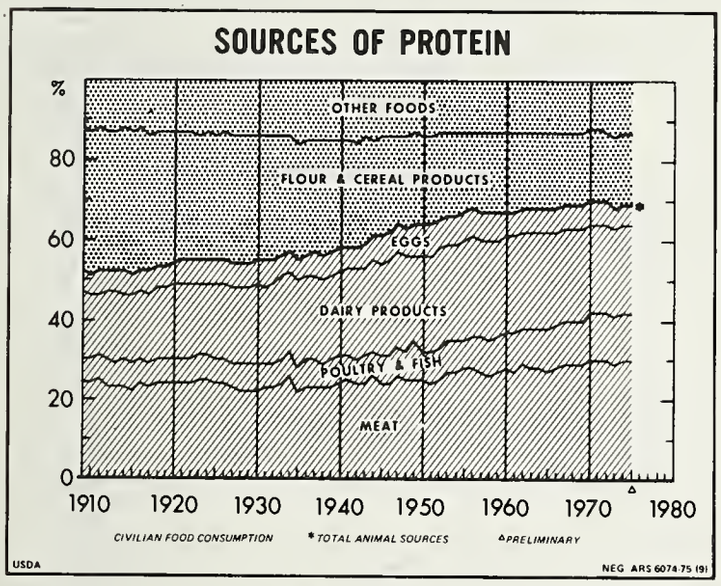

Figure 12

The same three food groups—meat, poultry, and fish; dairy products; and flour and cereal products—have consistently furnished about 80 percent of the total protein. However, the share provided by each of these groups has changed (table 10).

The meat, poultry, and fish group is the major source of protein today, providing 42 percent of the total supplies compared with 30 percent in 1909-13. Most of this increase has occurred since 1947-49. On the other hand, flour and cereal products were the major source of this nutrient at the beginning of the century providing about 36 percent of the total in sharp contrast to the 18 percent they provide today. Grain products showed a marked decline until 1947-49, but have remained fairly stable since then, contributing 18-20 percent of the protein.

Among the three food groups, dairy products made the smallest contribution to protein early in the century, 16 percent. By the 1940's, dairy products had become the second largest contributor to total protein, a rank maintained since then despite a decline from the peak contribution of 24 percent in 1957-59 to 22 percent today.

Meat, poultry, and fish.—Beef is the largest contributor to protein supplies among the foods comprising this group. Currently beef provides 19 percent of the total protein, a share about equal to that coming from the flour and cereal products group and more than two and one-half times that supplied by pork. For many years, beef and pork made comparable contributions to total protein supplies, but in 1947-49 an upward trend for beef commenced and the gap has widened. Since 1909-13, the share of protein provided by pork has fluctuated around 8-9 percent until 1975 when, because of reduced supplies and higher prices, it dropped to 7 percent.

Poultry and fish both provide more protein now than in earlier years. The proportion of protein coming from poultry increased substantially from about 3 percent during the early 1900's to 8 percent at present. The share from fish, relatively stable at 3 percent until the late 1950's, is now 4 percent.

Eggs.—This product accounted for over 5 percent of the protein for most years with its contribution reaching a peak of 7 percent in 1947-49.

Table 11--Protein available per capita per day and sources of protein, selected periods

Year	Protein	Animal sources						
		Meat, poultry, fish				Eggs	Dairy products 2/	Total 1/
		Meat	Poultry	Fish	Total 1/			
	Grams	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1909-13	102	23.9	3.3	2.9	30.0	5.2	16.5	51.8
1935-39	90	22.8	3.4	3.1	29.4	5.7	21.2	56.4
1947-49	95	25.5	4.5	2.9	32.9	7.1	23.7	63.7
1957-59	95	27.0	5.8	3.0	35.8	6.8	24.5	67.1
1967	99	29.4	7.6	3.4	40.4	5.9	22.7	69.0
1971	101	30.6	8.1	3.5	42.1	5.6	22.2	70.0
1972	101	30.2	8.3	3.8	42.2	5.5	22.1	69.8
1973	99	28.6	8.1	3.9	40.6	5.4	22.5	68.5
1974	99	30.0	8.2	3.7	41.9	5.2	21.8	69.0
1975 3/	99	29.8	8.0	3.8	41.6	5.0	22.1	68.7

Year	Vegetable sources						
	Potatoes, sweet-potatoes	Vege-tables	Fruits	Dry beans, peas, nuts, soy flour and grits	Flour and cereal products	Other foods	Total 1/
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1909-13	4.2	2.8	0.9	4.4	35.7	0.1	48.2
1935-39	3.4	4.2	1.3	5.7	28.6	.5	43.6
1947-49	2.7	4.1	1.2	5.0	22.9	.4	36.3
1957-59	2.4	3.8	1.2	5.2	19.9	.4	32.9
1967	2.3	3.7	1.1	5.0	18.4	.4	31.0
1971	2.4	3.6	1.1	4.8	17.7	.4	30.0
1972	2.4	3.7	1.0	5.0	17.5	.5	30.2
1973	2.3	3.8	1.1	5.7	17.9	.5	31.5
1974	2.3	3.8	1.1	5.7	17.6	.4	31.0
1975 3/	2.4	3.9	1.2	5.6	17.8	.4	31.3

1/ Components may not add to total due to rounding. 2/ Includes butter. 3/ Preliminary.

Contribution of meats to total protein, selected periods

	1909-13	1935-39	1947-49	1957-59	1967	1971	1972	1973	1974	1975[1]
	percent	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*
Beef	10.3	9.5	10.6	13.4	16.7	17.3	17.7	17.1	18.2	18.9
Veal	1.2	1.5	1.7	1.3	.7	.5	.4	.3	.4	.6
Lamb and mutton	1.1	1.2	.8	.7	.6	.5	.5	.4	.3	.3
Prok, including pork fat cuts	8.6	8.2	9.5	8.7	8.6	9.5	8.8	8.2	8.2	7.2
Other	2.8	2.4	2.8	2.9	2.8	2.9	2.8	2.7	2.8	2.8
Total[2]	23.9	22.8	25.5	27.0	29.4	30.6	30.2	28.6	30.0	29.8

[1] Preliminary. [2] Components may not add to total due to rounding.

Because of declining popularity of this food since then, its share is now an even 5 percent.

Dairy products.—Of the foods comprising the dairy products group, fluid milk remains the largest contributor to total protein, providing 12 percent, although its contribution is declining. The proportion now provided by fluid milk is about 1 percent less than at the beginning of the century and about 4 percent less than in 1945, the peak year for fluid milk consumption.

Among the processed dairy products, cheese provides the largest share of protein, about 5 percent in 1975. The proportion from cheese has more than quadrupled since the turn of the century. Evaporated and condensed milks account for only a small proportion of the protein, but the share provided increased up to the late 1940's. At that time these products contributed about 3 percent of the total; now they supply 1 percent. Nonfat dry milk, another small contributor to protein supplies, accounted for about 3 percent of the total in 1957-59. This contribution has since declined because of lower government donations and greater use of more favorably priced substitutes in non-dairy processed foods. The remaining processed dairy products, including ice cream and frozen desserts, contribute only a little more than 1 percent of the total.

Vegetables and fruits.—Together, fruits and vegetables make a sizeable contribution to protein supplies. Prior to 1957-59, they furnished between 8 and 9 percent of the total and since that time about 7 percent. Potatoes and sweetpotatoes have maintained their protein contribution of about 2 percent since 1957-59, lower than the 4 percent in 1909-13 when consumption of these foods was double that today. Fruits and vegetables other than potatoes and sweetpotatoes have provided 5 percent of the total protein since the late 1920's.

Flour and cereal products.—White flour is the major source of protein from the flour and cereal group. However, its 13 percent share today, almost equal that from fluid milks, is only half that provided in 1909-13. Corn products now contribute less than 2 percent of the total protein, down from 6 percent in 1909-13. For the most part, this decline is due to the decreased use of cornmeal which has dropped markedly. Oat food products and rice each supplied only 1 percent or less of the protein over the years.

Dry bean, peas, nuts, and soy flour and grits.—The share of protein supplied by these foods over the years has fluctuated around 5 percent. In 1975, dry beans and peas along with nuts each provided about 2 percent.

Use of soy flour and grits, first reported in 1935,

Contribution of dariy products (excluding butter) to total protein, selected periods

	1909-13	1935-39	1947-49	1957-59	1967	1971	1972	1973	1974	1975[1]
	percent	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*
Fluid milks:										
Whole	11.2	12.6	13.6	13.5	11.1	9.7	9.6	9.3	8.7	8.7
Low fat	2.7	2.4	1.7	1.2	1.9	2.7	3.0	3.3	3.5	3.8
Total fluid milk	13.9	15.0	15.3	14.7	13.0	12.4	12.6	12.6	12.2	12.5
Processed dairy products:										
Evaporated and condensed millks	.7	2.1	2.7	2.1	1.5	1.3	1.2	1.1	1.0	1.0
Nonfat dry milk	0	1.0	1.4	2.5	2.3	1.9	1.5	1.7	1.4	1.2
Ice cream and frozen desserts	.1	.4	.8	1.0	1.2	1.2	1.1	1.1	1.1	1.1
Cheese	1.3	2.2	2.8	3.6	4.1	4.9	5.2	5.5	5.5	5.7
Other	.4	.5	.7	.5	.4	.5	.4	.4	.5	.5
Total[2]	16.4	21.1	23.6	24.4	22.7	22.2	22.3	22.4	21.8	22.0

[1] Preliminary. [2] Components may not add to total due to rounding.

Contribution of dry beans, peas, nuts, and soy flour and grits to total protein, selected periods

	1909-13	1935-39	1947-49	1957-59	1967	1971	1972	1973	1974	1975[1]
	percent	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*	*percent*
Dry beans and peas	3.5	3.7	2.7	2.5	2.0	1.7	1.9	2.0	2.1	2.1
Nuts	.9	1.9	1.9	1.9	2.3	2.3	2.4	2.5	2.4	2.3
Soy flour and grits	0	.1	.4	.8	.8	.7	.7	1.2	1.2	1.2
Total[2]	4.4	5.7	5.0	5.2	5.0	4.8	5.0	5.7	5.7	5.6

[1] Preliminary. [2] Components may not add to total due to rounding.

has increased because of its use in the manufacture of meat extenders, fabricated meat substitutes (analogs), and fortifiers. Although small, the share of protein from these products has increased to a little more than 1 percent and will no doubt continue to increase as soy products gain acceptance by both consumers and institutional users. Economically, greater use of soy may be advantageous. For example, as the price of nonfat dry milk increased, some bakers shifted from use of nonfat dry milk to reconstructed milk which often includes soy protein and dry whey. Sales of soy protein used for this purpose have risen markedly.

National food supply statistics reveal a preference of U.S. consumers for protein from animal sources. Some researchers, in studying the uses of the Nation's resources, question that this preference can be substantially changed to greater acceptance of vegetable sources of protein, even though their production may be a more economical use of certain of our resources. Nevertheless, the small but growing acceptance of soy products may indicate a future trend toward greater use of protein from vegetable sources.

FOOD PRICE MOVEMENTS AND SHIFTS IN PURCHASES

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ABSTRACT: Prices of foods that were lower-priced in 1970 rose more in 1973 and 1974 than did higher-priced foods. But by July 1975, the two groups were back in nearly the same relative positions. Most of the increase in food expenditures from 1960 to 1974 was due to price increases, but there was considerable shifting to more expensive foods in the early 1960's and to less expensive foods since 1971.

KEY WORDS: Food prices, expenditures

Many discussions of changes in food prices focus on the all-food price indexes, leaving the impression that the prices of all foods move together. Others talk only about those commodities with the largest increases, ignoring those where prices rose only a little or even declined.

Price Movements

To examine the differences in price movements in the 1970's, we have calculated some special price indexes. For these indexes, we separated the commodities priced into two groups—those which were relatively low-priced in 1970 and those relatively high-priced. The division into the two groups was performed within commodity groups when possible. Meat, poultry, and fish were treated as one category. Low-priced foods in this category were those with a retail price of less than $1 per pound (boneless weight) in 1970. Cereal and bakery products, fresh fruits, and fresh vegetables were similarly divided on the basis of 1970 retail prices. The other foods—mostly more highly prepared foods—required more of an element of judgment in sorting.

All foods were included for which retail prices were available either from the Bureau of Labor Statistics (BLS) or the Statistical Reporting Service. Where prices were available from both agencies, the BLS prices were used. The weights used to combine the foods in each group were those used by BLS, where available. Comparable weights were developed for the foods not included in the BLS index.

Prices of low-priced foods rose about 1 percent more between 1967 and 1970 than did those of the high-priced foods. In 1971, the prices of high-priced foods increased 4.9 percent, while low-priced foods rose only 1.3 percent. The 1972 experience found prices in both groups increasing at almost the same rate of 4.25 percent, but in 1973 low-priced foods rose 20.6 percent and the higher-priced foods only 11.3 percent.

In 1974, the rates of increase were fairly close together—17.1 percent for low-priced foods and 16.0 percent for higher-priced foods. This left the low-priced foods 69 percent above the 1967 level and the higher-priced foods 58 percent higher. By July 1975 (the latest date for which prices were available when this report was compiled), the price in-

Price movements for relatively low-priced and high-priced foods, 1970-74

Year	Indexes (1967=100)			Year-to-year change (percent)		
	Low-priced foods	High-priced foods	All foods	Low-priced foods	High-priced foods	All foods
1970	113.5	112.1	112.8	---	---	---
1971	115.0	117.6	116.4	1.3	4.9	3.2
1972	119.9	122.5	121.3	4.3	4.2	4.2
1973	144.6	136.4	140.3	20.6	11.3	15.7
1974	169.3	158.2	163.5	17.1	16.0	16.5

dexes for those items priced by BLS (the Statistical Reporting Service does not collect prices monthly) were at almost the same level.

Shifts in Expenditures

Food expenditures have increased sharply since 1960. Per capita expenditures for food for use at home increased 86 percent between 1960 and 1974. Most of this increase was due to the rise in prices, with a modest increase due to changes in household composition (household size and age-sex distribution). Changes in quantities and shifts to less expensive foods were only partially offsetting.

However, the patterns changed markedly during the period. Prices were the major influence throughout the 15 years. But in the first half of the 1960's the shift to more expensive foods was almost as significant as the increase in food prices. In the last half of the 1960's, there was a shift to less expensive foods but this was offset by an increase from 1969 to 1971. Between 1971 and 1974, there was a decrease in the quantity of food and a substantial shift to less expensive foods.

Period	Percent change in per capita expenditures for food for use at home				
	Total	Due to change in—			
		Household composition	Price	Quantity	Shift to more (+) or less (-) expensive foods
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
1960 to '65	12.4	0.8	6.6	-1.5	+6.5
1965 to '69	14.1	1.4	13.3	2.2	-2.8
1969 to '71	10.9	.5	7.5	.3	+2.6
1971 to '74	30.6	1.5	39.6	-1.6	-8.9
1960 to '74	85.8	4.2	81.3	-.6	-.9

Table 12--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products						Processed foods and feeds											All commodities
				Meats												All food 6/	Industrial commodities 7/	
	Eggs	Fresh and dried fruits and vegetables 2/	Total 3/	Beef and veal	Pork	Total	Poultry	Fish	Dairy	Processed fruits and vegetables 2/	Vegetable oil end products	Cereal and bakery products	Sugar and confectionary	Beverages 4/	Total 5/			
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	125.9	134.7
1974	160.6	192.3	187.7	158.6	162.3	159.6	157.3	204.6	146.4	154.6	224.8	171.2	258.9	140.7	170.9	174.4	153.8	160.1
January	197.8	184.5	202.6	183.5	172.3	177.8	145.7	215.3	145.1	139.3	177.2	166.3	151.8	125.6	162.1	163.9	135.3	146.6
February	186.8	214.5	205.6	175.9	173.8	175.1	176.2	222.6	147.6	140.7	192.8	169.5	167.1	126.0	164.7	170.4	138.2	149.5
March	167.8	210.6	197.0	163.0	154.7	160.1	165.2	211.9	151.2	141.2	206.1	172.3	190.2	129.3	163.0	168.7	142.4	151.4
April	158.7	226.9	186.2	156.1	143.3	151.9	143.9	222.4	154.1	142.8	192.2	167.1	189.8	132.3	159.1	166.9	146.6	152.7
May	126.0	236.8	180.8	155.8	135.2	147.5	150.8	206.8	146.9	145.2	210.8	167.1	215.8	134.5	158.9	167.7	150.5	155.0
June	124.7	204.4	168.6	140.6	125.2	135.7	138.1	198.3	142.9	148.3	210.6	166.0	240.7	138.4	157.4	163.4	153.6	155.7
July	132.0	186.9	180.8	166.1	171.3	165.0	150.6	205.4	141.7	157.7	218.5	168.9	246.7	143.6	167.6	172.6	157.8	161.7
August	149.6	162.6	189.2	172.4	173.9	169.1	150.4	197.9	142.4	162.7	258.4	169.3	270.4	146.2	179.7	176.9	161.6	167.4
September	169.8	163.2	182.7	159.3	169.9	161.3	170.3	196.8	144.8	165.6	253.7	169.7	297.9	147.8	176.8	178.2	162.9	167.2
October	167.8	166.2	187.5	149.6	178.2	160.2	158.5	192.1	146.4	170.0	270.6	176.2	315.3	152.6	183.5	182.0	164.8	170.2
November	164.9	186.9	187.8	140.6	172.9	155.4	172.1	190.6	146.8	171.1	259.7	179.7	419.8	154.2	189.7	192.3	165.8	171.9
December	181.1	163.7	183.7	139.8	176.6	156.0	165.5	194.7	146.7	170.1	246.9	181.9	401.4	158.2	188.2	189.2	166.1	171.5
1975																		
January	168.7	174.9	179.7	148.2	183.7	161.9	169.7	193.1	148.3	171.2	247.2	182.3	358.2	162.6	186.4	188.4	167.5	171.8
February	162.4	174.6	174.6	142.7	181.8	159.0	170.5	206.5	148.5	170.9	239.5	183.6	347.3	162.2	182.6	185.6	168.4	171.3
March	166.3	163.8	171.1	143.7	180.4	159.0	164.6	203.2	148.6	169.5	231.1	181.9	303.0	162.2	177.3	180.4	168.9	170.4
April	140.0	183.4	177.7	167.7	181.9	171.6	165.9	208.3	148.9	170.8	223.1	179.1	280.1	161.7	179.4	181.9	169.7	172.1
May	145.5	183.1	184.5	189.4	201.7	189.8	175.1	216.8	149.6	171.0	215.5	176.2	239.6	161.0	179.0	182.4	170.3	173.2
June	137.9	206.7	186.2	202.3	206.5	199.3	186.5	217.5	150.5	170.9	206.7	174.4	217.8	160.4	179.7	184.3	170.7	173.7
July	139.7	208.6	193.7	201.0	231.5	208.0	208.9	225.2	153.2	169.4	203.8	176.7	228.4	159.4	184.6	189.8	171.2	175.7
August	156.7	179.6	193.2	186.5	241.0	203.4	195.3	224.9	156.3	168.6	207.9	175.8	243.2	161.6	186.3	189.0	172.2	176.7
September	174.4	182.6	197.1	192.7	250.0	209.3	196.5	229.5	160.8	168.4	197.7	177.0	219.4	162.5	186.1	189.7	173.1	177.7
	Seasonally adjusted 8/																	
1974																		
January	175.4	183.0	200.6	182.0	166.8	176.6	152.5	210.8	144.5	139.4	179.0	---	154.7	---	161.1	163.1	---	---
February	188.9	204.9	200.4	169.0	165.9	168.8	179.0	217.5	147.2	141.3	192.4	---	167.8	---	162.6	169.5	---	---
March	161.8	205.7	193.5	156.9	157.1	158.7	157.2	206.6	149.4	142.3	205.1	---	190.2	---	161.5	166.2	---	---
April	166.0	213.3	187.9	155.2	154.2	154.5	148.7	221.1	153.3	142.9	195.1	---	191.3	---	161.4	167.2	---	---
May	147.5	216.7	180.8	154.0	143.3	150.1	150.0	210.3	147.2	144.9	213.4	---	215.2	---	160.0	168.3	---	---
June	139.8	188.6	164.5	137.0	127.6	135.3	138.0	207.5	144.3	147.7	213.2	---	236.7	---	156.0	163.5	---	---
July	145.9	184.1	180.8	159.5	160.0	157.5	137.1	208.1	142.0	158.0	222.1	---	245.5	---	166.9	171.2	---	---
August	153.3	176.4	186.8	171.1	166.2	163.3	146.3	202.0	144.0	162.4	255.8	---	266.4	---	177.9	175.5	---	---
September	156.1	186.3	184.4	161.0	167.7	160.9	157.3	198.5	145.5	155.9	247.0	---	295.5	---	177.0	178.2	---	---
October	168.5	181.8	193.1	157.9	176.9	164.3	162.6	194.2	146.1	170.3	263.7	---	314.7	---	185.0	185.1	---	---
November	160.6	186.3	194.0	153.9	180.8	164.4	178.7	186.7	146.7	169.5	256.6	---	422.3	---	193.8	195.3	---	---
December	157.2	172.3	186.1	144.8	179.0	160.8	185.2	191.4	146.3	169.6	251.2	---	406.3	---	188.2	189.9	---	---
1975																		
January	149.6	173.5	177.9	146.6	177.3	160.5	178.4	189.3	147.7	171.4	249.7	---	365.1	---	185.3	187.4	---	---
February	164.2	161.4	170.2	137.1	173.9	153.3	174.3	201.9	148.1	171.6	239.0	---	348.7	---	180.3	184.9	---	---
March	160.4	160.0	168.1	138.1	183.1	157.6	156.2	198.0	146.8	170.9	230.0	---	303.0	---	175.7	177.6	---	---
April	146.4	172.4	179.3	166.9	196.0	174.7	171.7	206.9	148.2	171.0	226.5	---	282.4	---	182.0	182.3	---	---
May	170.7	167.5	184.5	187.5	214.3	193.5	174.1	220.3	149.9	170.7	218.1	---	238.9	---	180.3	183.1	---	---
June	154.6	190.4	181.7	197.0	210.9	198.9	186.3	228.2	152.0	170.2	209.2	---	214.2	---	178.1	184.5	---	---
July	154.4	205.5	193.7	193.1	216.8	198.5	189.9	228.4	153.5	169.7	207.1	---	227.3	---	183.9	188.3	---	---
August	169.6	194.8	190.7	185.2	230.2	196.1	189.6	229.7	158.0	168.3	205.8	---	239.6	---	184.5	187.5	---	---
September	160.3	208.5	198.9	194.8	246.8	208.9	181.1	231.6	158.0	168.7	192.5	---	217.7	---	186.3	189.7	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

Bureau of Labor Statistics.

Table 13--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home															Food away from home	All food	Consumer Price Index, less food	Consumer Price Index 5/
	Meats			Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables			Cereal and bakery products	Sugar and sweets	Beverages	Total				
	Beef and veal	Pork	Total 2/						Fresh	Processed	Total								
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	---	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	99.5	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.7	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.4	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	126.3	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
1974	168.5	161.0	164.1	146.9	187.7	160.8	151.9	179.3	162.6	170.6	165.8	166.1	195.2	155.6	162.4	159.4	161.7	143.6	147.7
January	168.6	173.5	169.9	157.0	180.4	191.0	146.3	147.9	148.5	151.5	149.7	149.7	140.3	137.3	154.3	151.6	153.7	135.6	139.7
February	181.3	174.0	176.3	154.7	182.6	194.1	149.3	152.5	154.5	158.0	155.9	154.4	149.5	139.1	159.0	152.6	157.6	136.8	141.5
March	178.4	169.0	173.1	152.0	185.2	175.8	151.5	162.2	162.3	162.8	162.5	158.6	162.0	142.0	160.6	153.7	159.1	138.4	143.1
April	170.0	158.2	164.8	147.0	186.9	160.4	153.7	169.8	159.6	168.0	163.0	161.4	169.6	145.7	159.4	155.6	158.6	139.6	143.9
May	165.8	148.8	158.7	138.7	187.1	133.2	154.6	171.0	181.8	171.6	177.7	164.3	175.9	149.3	160.4	157.1	159.7	141.3	145.5
June	163.9	141.2	154.8	135.8	187.1	128.4	153.8	172.2	190.3	172.3	183.1	165.3	184.1	153.8	160.9	158.6	160.3	142.9	146.9
July	161.0	145.9	154.0	136.2	188.2	127.8	151.6	172.3	189.2	172.6	178.7	166.7	195.1	158.1	160.6	160.4	160.5	144.4	148.0
August	169.0	158.8	162.8	140.1	187.4	146.0	150.7	179.6	162.9	176.0	168.2	168.2	203.4	163.8	163.0	161.9	162.8	146.1	149.9
September	172.9	164.8	166.7	148.1	188.6	162.2	151.1	198.5	152.7	178.2	162.9	170.4	212.1	166.5	165.5	163.1	165.0	147.8	151.7
October	166.8	164.0	163.5	147.0	190.4	172.2	151.7	203.7	151.6	178.4	162.4	174.7	226.5	169.2	166.5	164.7	166.1	149.1	153.0
November	163.7	166.8	163.0	150.9	193.6	166.2	152.7	210.2	154.7	178.7	164.3	177.6	245.2	170.2	168.3	166.2	167.8	150.4	154.3
December	160.1	167.1	161.7	154.9	194.8	172.6	155.3	212.6	149.6	178.7	161.3	181.7	279.0	172.7	170.3	167.6	169.7	151.3	155.4
1975									17										
January	158.5	170.0	161.9	152.8	195.7	172.6	155.2	214.7	153.6	178.3	163.5	185.3	281.0	175.3	171.4	169.0	170.9	151.8	156.1
February	156.6	169.6	160.9	152.0	197.2	172.1	155.6	214.9	159.2	177.9	166.7	187.3	273.9	177.0	172.0	170.5	171.6	153.0	157.2
March	153.3	170.5	159.7	151.8	197.1	153.5	155.4	213.1	159.9	178.7	167.4	189.1	269.5	177.8	171.4	171.3	171.3	153.9	157.8
April	154.6	170.0	160.2	148.9	197.3	158.2	154.8	209.7	160.9	178.2	167.8	188.9	255.7	178.0	171.0	172.2	171.2	154.9	158.6
May	166.4	175.6	167.9	149.8	199.1	144.6	153.6	203.0	164.7	175.4	169.0	187.0	246.0	175.3	171.6	172.8	171.8	155.6	159.3
June	176.6	187.9	177.8	157.7	200.4	137.2	153.3	195.8	179.0	175.0	177.4	185.2	236.8	174.9	174.9	173.1	174.4	156.6	160.6
July	186.4	204.9	188.5	172.8	202.9	144.6	153.4	191.7	198.4	174.7	188.8	184.6	228.9	174.1	179.9	174.2	178.6	157.6	162.3
August	182.5	214.3	190.4	174.3	205.1	151.1	154.3	189.3	180.0	174.8	177.9	182.6	236.0	175.1	179.0	175.3	178.1	158.3	162.8
September	176.7	222.4	190.5	177.2	208.1	163.9	156.3	189.7	161.6	176.1	167.4	181.6	238.6	177.9	178.2	176.5	177.8	159.5	163.6
	Seasonally adjusted																		
1974																			
January	172.0	174.7	172.3	157.9	180.8	173.8	146.2	148.3	154.4	151.7	153.4	150.2	140.7	137.9	155.4	151.8	154.6	135.7	140.0
February	180.8	171.4	175.6	154.9	182.2	182.4	148.6	153.1	157.2	157.8	157.2	154.2	149.9	139.5	158.5	153.1	157.4	137.1	141.6
March	175.4	165.0	169.2	149.2	184.5	171.5	150.7	162.0	161.7	162.5	161.9	158.0	161.5	142.4	159.2	154.2	158.2	138.7	143.1
April	167.7	159.5	163.8	144.3	185.8	163.8	153.1	169.6	156.6	167.3	161.1	160.8	168.3	146.0	158.9	155.9	158.3	139.9	144.0
May	166.1	154.4	160.6	139.5	186.7	145.3	154.1	171.2	174.5	171.6	173.7	163.8	175.0	149.2	160.4	157.3	159.7	141.3	145.5
June	165.1	144.1	156.5	136.9	187.1	146.4	153.8	173.6	175.6	172.6	174.5	165.6	183.5	153.3	160.9	158.8	160.3	142.8	146.8
July	158.0	144.2	152.2	135.8	188.4	140.7	152.2	174.2	166.4	173.5	169.1	167.0	194.9	157.3	159.2	160.4	159.4	144.4	148.0
August	166.0	157.5	161.5	139.7	188.7	150.5	151.6	180.0	157.1	176.0	163.9	168.7	204.0	163.3	162.4	161.6	162.2	146.2	149.7
September	169.8	162.4	164.7	145.1	189.7	154.8	151.9	197.9	161.2	177.3	167.4	170.9	212.7	166.3	165.3	162.9	164.8	147.7	151.5
October	167.8	162.2	163.0	146.6	191.4	165.3	152.5	202.5	162.1	178.2	169.5	174.5	228.1	168.7	167.7	164.2	166.9	148.8	152.8
November	166.9	167.0	164.5	153.7	192.8	165.9	152.9	208.1	162.3	179.1	169.4	177.8	244.7	170.4	169.7	165.7	168.8	150.1	154.3
December	165.7	169.5	165.3	159.7	194.2	161.6	154.7	210.9	160.3	179.1	168.2	182.1	280.4	173.2	171.7	167.3	170.4	151.1	155.5
1975																			
January	161.7	171.2	164.2	153.7	196.1	157.1	155.0	215.3	159.7	178.5	167.5	185.9	281.8	176.0	172.6	169.2	171.9	152.0	156.5
February	156.1	167.1	160.3	152.2	196.8	161.7	154.8	215.8	162.0	177.7	168.0	187.1	274.7	177.5	171.5	171.0	171.4	153.3	157.3
March	150.7	166.5	156.1	149.0	196.3	149.8	154.6	212.9	159.3	178.3	166.7	188.3	268.7	178.3	169.9	171.8	170.3	154.2	157.8
April	152.5	171.4	159.2	146.1	196.1	161.6	154.2	209.5	157.9	177.5	165.8	188.1	253.7	178.4	170.5	172.5	170.9	155.2	158.7
May	166.7	182.2	169.9	150.7	198.7	157.7	153.1	203.2	158.1	175.4	165.2	186.4	244.8	175.1	171.6	173.0	171.8	155.6	159.3
June	177.8	191.7	179.9	159.0	200.4	156.4	153.3	197.4	165.1	175.4	169.1	185.6	236.1	174.4	174.9	173.3	174.4	156.4	160.5
July	182.9	202.5	186.3	172.3	203.1	159.3	154.0	193.8	180.5	175.6	178.6	185.0	228.7	173.2	178.3	174.2	177.4	157.6	162.4
August	179.3	212.6	188.9	173.8	206.5	155.8	155.2	189.7	173.6	174.8	173.4	183.1	236.7	174.6	178.3	175.0	177.4	158.5	163.0
September	173.6	219.1	188.2	173.6	209.4	156.4	157.1	189.1	170.6	175.2	172.0	182.1	238.9	177.7	178.0	176.3	177.6	159.3	163.4

1/For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/Beef, veal, lamb and mutton, pork, and processed meat. 3/Includes butter. 4/Excludes butter. 5/Seasonally adjusted series derived by ERS.

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